

***United States Court of Appeals  
for the  
District of Columbia Circuit***



**TRANSCRIPT OF  
RECORD**





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BRIEF FOR APPELLANT AND JOINT APPENDIX

**United States Court of Appeals**

FOR THE DISTRICT OF COLUMBIA CIRCUIT

\_\_\_\_\_  
No. 10,454  
\_\_\_\_\_

United States Court of Appeals  
for the District of Columbia Circuit

FILED MAY 11 1964

*Nathan J. Paulson*  
CLERK

NORVIN G. MALONEY, JR.,

Appellant,

v.

E. I. Du PONT de NEMOURS & CO., INC.,

Appellee.

\_\_\_\_\_  
Appeal From the United States District Court  
For the District of Columbia  
\_\_\_\_\_

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## QUESTIONS PRESENTED

### I

WILL SUMMARY JUDGMENT LIE WHERE GENUINE ISSUES OF FACT REMAIN AND WHERE MATTERS OF LAW ARE UNRESOLVED BECAUSE SUCH ISSUES OBTAIN.

### II

WHERE A CONTRACT IS BILATERAL MAY ONE PARTY TERMINATE HIS OBLIGATION THEREUNDER WITHOUT THE ASSENT OF THE OTHER.

### III

DOES A CONTRACT BETWEEN AN INVENTOR AND AN EMPLOYER FOR GENERAL INVENTIVE WORK AND RESEARCH AND PROVIDING FOR THE ASSIGNMENT OF HIS PATENT RIGHTS EXPIRE UNDER THE DOCTRINE OF ROCKWELL vs. NEW DEPARTURE MFG. CO. WHEN THE EMPLOYER ELECTS TO TERMINATE THE INVENTOR'S EMPLOYMENT.

### IV

MAY A CONTRACT OF EMPLOYMENT WHICH WAS TO CONTINUE AS LONG AS IT WAS MUTUALLY AGREEABLE BE UNILATERALLY TERMINATED WITHOUT CAUSE BY THE EMPLOYER WITH IMPUNITY BUT YET REMAIN ENFORCEABLE AGAINST THE EMPLOYEE IN ALL OTHER RESPECTS.



## INDEX

	Page
JURISDICTIONAL STATEMENT	1
STATEMENT OF THE CASE	2
SUMMARY OF ARGUMENT	6
ARGUMENT:	
I	8
II	24
III	34
IV	41
CONCLUSION	48

# TABLE OF CASES

	Page
Arthur Jordan Piano Co. vs. Lewis, 154 A. 467	23
B. F. Gladding Co. vs. Scien. Anglers, Inc., 248 F. 2d 483	29, ff.
* Breewood vs. Cook, 92 U.S. App. D.C. 386	23
* Coleman vs. Graybar Elec. Co., 195 F. 2d 374	47
Commercial Union of America vs. Anglo-So., Etc., 10 F. 2d 937	17
Continental Assurance Co. vs. Tucker, 138 F. Supp. 242	16
Dalzell vs. Dueber Watch Co., 149 U.S. 315	29, ff.
* Eastmont Const. Co. vs. Trans. Mfg. Co., 301 F. 2d 34	27, ff.
Fargo Glass & Paint Co. vs. Globe, Etc., 161 F. 2d 811	44
Faulkner vs. Des Moines Drug Co., 90 N.W. 586	43
Feller Co. vs. Brown, 15 F. 2d 672	47, 48
Friedman vs. Decatur Corp., 77 U.S. App. D.C. 326	47
Giotis vs. Lampkin, 145 A. 2d 779	23
Green vs. Obergfell, 73 App. D.C. 298	46
Guerrieri vs. Horter, 186 F. Supp. 588	15
Hapgood vs. Hewitt, 119 U.S. 226	29, ff.
Herschel Cal. Fruit Pr. Co. vs. Hunt, 16 F.R.D. 547	16
* Lee vs. Jenkins Bros., 268 F. 2d 357	30
* Littell vs. Evening Star Newspaper, 73 App. D.C. 409	28, 29, 31



	Page
Marrenzano vs. Riggs Nat'l. Bank, 87 U.S. App. D.C. 195	32
McArthur vs. Rosenlaum, 85 F. Supp. 5	16
Michel vs. Meier, 8 F.R.D. 464	16, 18
Paisley vs. Lucas, 143 S.W. 2d 260	44
Patent and Licensing Corp. vs. Olsen, 188 F. 2d 522	28, ff.
Patton vs. Hobson, 156 N.E. 534	47
Pierce vs. Tenn Coal & R. R. Co., 173 U.S. 1	26
* Poller vs. Columbia Broadcasting, 368 U.S. 464	8, 15
* Rockwell vs. New Departure Mfg. Co., 128 A. 302	34, 42
Salt vs. Power Plant Co., 35 Old Eng. Rep. 322	33
Shook vs. U. S., 238 F. 2d 952	29, ff.
Standard Parts Co. vs. Peck, 264 U.S. 52	29, ff.
Thorne vs. True-Hickson Lumber Co., 148 So. 388	32
Traiman vs. Rappaport, 41 F. 2d 336	45
U. S. vs. Grominio, 154 F. 2d 78	25
U. S. Colloid Mill Corp. vs. Myers, 6 F. Supp. 203	45
Warner vs. Texas and Pac. Ry. Co., 164 U.S. 418	46
IX Wigmore on Evidence, Section 2430, 3rd Ed.	21
Restatement of the Law of Contracts, III Wigmore, 3rd Ed.	21, 22, 24
13 Williston Law of Contracts	39

UNITED STATES COURT OF APPEALS

For the District of Columbia Circuit

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No. 18,454

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NORVIN G. MALONEY, JR.,

Appellant,

v.

E. I. Du PONT de NEMOURS & CO., INC.,

Appellee.

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Appeal From the United States District Court  
For the District of Columbia

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JURISDICTIONAL STATEMENT

This appeal is from an order of the United States District Court for the District of Columbia granting appellee's motion for summary judgment, entered December 18, 1963. Notice of appeal was seasonably filed, on January 17, 1964.



Jurisdiction for this appeal is to be found in the provisions of Title XXVIII, Sections 1291, et seq., of the United States Code, as amended.

#### STATEMENT OF THE CASE

Appellant, an experienced and inventive engineer, was employed by the appellee and some of the terms of his employment were made the subject of form contracts of appellee, dated November 5, 1945, (J.A. 32), and January 9, 1952, (J.A. 34). In each of these contracts, the salary and the tenure of employment were left to concomitant supplemental oral agreements, along with understandings contained in advertised employee benefits contained in pamphlets distributed to the employees generally, (Exhibit "E", Affidavit of Appellant, dated Dec. 5, 1963, filed Dec. 9, 1963). Appellant, by deposition, asserts that they did agree on the amount of compensation and the tenure of his employment, (J.A. 71, 148), and as a result of which he executed the contracts agreeing to assign all patents on any inventions and entered upon his employment which continued for fifteen (15) years. During this period of time he presented several inventions which, according to his contract, he assigned to his employer, (J.A. 146), and for his meritorious endeavors he was given bonuses as had been contemplated by appellant and appellee in the complex of writings and understandings that composed his employment contract. On January 13, 1961, appellant was discharged, without cause, and brought the instant suit sometime thereafter.



The appellant, being unable to obtain the service of counsel of the Delaware Bar to prosecute his claims in the latter State, came to the District of Columbia and instituted the present action, pro se, by filing a pleading denominated "Bill of Complaint", with Exhibits "A" and "B" attached thereto, filed November 27, 1962, (J.A. 30, 34). The appellee challenged the legal sufficiency of the said "Bill of Complaint" through its motion to strike or dismiss the said "Bill of Complaint" and, upon hearing, the Court granted appellee's motion with leave to appellant to file an amended complaint. The appellant filed his amended complaint, dated February 15, 1963, consisting of two (2) counts: the first count being buttressed on the charge that the appellee corporation had wilfully and deliberately breached and abandoned appellant's contract of employment, while the second count was premised on the ground of unjust enrichment, (J.A. 14).

Appellee filed a motion to dismiss the amended complaint. The said motion charged that appellant's contract of employment was terminable at the will of either party and that appellant had been terminated for cause, and that the complaint failed to state a claim upon which relief might be granted, (J. A. 11). Upon a hearing on appellee's motion to dismiss the amended complaint, Judge Youngdahl denied said motion and granted appellant leave to file a third count for reinstatement and damages for wrongful discharge.

The memorandum opinion of the trial Judge provided, inter alia, that:

"\* \* \* Specifically, assuming that the plaintiff



can establish his allegations that paragraph 'Fifth' is a provision for permanent employment unless wrongfully discharged by the defendant, the issue would then arise whether the paragraphs covering the rights to patents were tied in with the paragraph covering length of employment in a way which would make them each mutual consideration for the other. The Court indicated at the oral argument that it believed that the defendant had a clear right to the patents under the wording of the patent provisions, if the plaintiff were retained in the defendant's employ, but it now appears to the Court that these patent provisions may be tied to the paragraph covering length of employment, even though the patent provisions specify that they 'shall continue beyond the termination of the period of employment \* \* \*.' It is certainly possible that the intention of the parties at the time of signing the contract was that those words would be construed to mean 'shall continue beyond the mutual termination of the period of employment \* \* \*.' It therefore appears to the Court that the legal issues of whether these two sets of provisions are dependent upon each other, and whether, if they are, the plaintiff might have a right at least to the patents and inventions which he alleges the defendant is not using and has rejected, should be determined only in the full factual context which would be brought out at trial."

The said Court further stated in its memorandum opinion:

"Furthermore, as the Court indicated at oral argument, the Court will grant the plaintiff the right to amend his complaint so as to include a count for reinstatement and damages caused by alleged wrongful discharge. \* \* \*" (J.A. 12)

Thereafter, the plaintiff filed his second amended complaint, filed April 18, 1963, (J.A. 14), by including therein a third count for reinstatement and damages caused by wrongful discharge. The relief therefore



sought under the second amended complaint was as follows:

Count One: Appellant prayed judgment as the sole owner of Letters Patent numbers 2, 661, 091 and 3, 013, 429, subject only to a shop right in the appellee, and for an accounting;

Count Two: Prayed judgment in the sum of Twenty-five Million (\$25, 000, 000.00) Dollars, the extent of the unjust enrichment of appellee at the expense of appellant;

Count Three: Further sued for reinstatement and damages caused by wrongful discharge and other relief.

Appellee filed its answer to the second amended complaint in the nature of a plea of the general issue along with the following affirmative defenses:

"Third", that under the express terms of the written contracts of November 5, 1945, and January 9, 1952, appellant is entitled to and vested with full title, possession and exclusive right of use of any and all patents, inventions or improvements conceived, worked on or perfected by the appellant. In its fourth defense, appellee pleaded its "shop rights" in all alleged inventions of the appellant. In its fifth defense, the appellee averred that the said contract of employment was terminable at the will of either party.

In its sixth defense, the appellee asserted that it had good and sufficient cause for terminating appellant's employment. Its seventh defense was the allegation that appellant had failed to mitigate his damages. Appellant's oral deposition was taken by the appellee, (July 24, 1963).



On this state of the record, appellant took the position that he was entitled, as a matter of law, to a judgment on the third count of the second amended complaint, and in consequence thereof filed his motion for summary judgment on said third count. Said motion was heard before Judge Holtzoff below and promptly denied. However, the Court indicated, during deliberations, that it was inclined to grant similar relief to appellee, whereupon, the appellee then filed a motion for summary judgment on all three (3) counts of the second amended complaint, and, notwithstanding the judgment of Judge Youngdahl, entered April 5, 1963, sustaining the validity of Counts One and Two of the second amended complaint, Judge Holtzoff granted appellee's motion and dismissed the second amended complaint "in toto".

That, thereafter, appellant filed his motion under Rule 1292(4)(b) for a rehearing and said motion was likewise denied by Judge Holtzoff. Appellant timely filed his notice of appeal and executed his appeal bond. That the present appeal is prosecuted to correct what appellant believes to be erroneous rulings on the part of the Court below in dismissing his second amended complaint.

#### SUMMARY OF ARGUMENT

The appellee sought to employ the appellant as a research engineer generally, and the agreement upon which their relationship began was



contained in two (2) form contracts which alluded to oral supplementaries dealing with salary or wages and the tenure of the employment. Appellant brought suit when the appellee discharged him after fifteen (15) years. By deposition appellant set forth the verbal agreements which were contemplated in the forms by supplying both the salary agreement and the tenure understanding of the parties. Judge Youngdahl, in disposing of appellee's motion to dismiss, ruled that appellant's amended complaint stated a cause of action over and above the appellee's contention that the contracts were terminable at will. Later, a coordinate Court, is disposing of appellee's subsequently filed motion for summary judgment, disagreed with Judge Youngdahl and held that the contracts were terminable at will, and treated such a holding as disposing of appellant's entire claim.

Appellant claims that the contracts of employment, having been interpreted by the Court as stating a cause of action, should not be subsequently interpreted to the contrary by another judicial personality on the same level. With sixteen (16) Judges on the trial Court bench, such a practice could lead to disorder in the administration of justice. In addition, no legal justification seems to attend the latter judicial decision. The termination of the obligation of one of the two promisees usually forecloses the contractual life of the obligation of the other. In addition, if the contracts were terminable at will by one party, nevertheless, this does not inexorably lead to immunity from liability therefor, especially if done without just cause and to the damage of the other. There, as here, the contract gives no such right of defeasance affir-



matively, but apparently envisions that contractual obligations survive such termination, and concurrent oral addenda are at hand, as contemplated by the writing, contraindicates any such right, the cause below was not ripe for summary judgment.

### ARGUMENT

I

### SUMMARY JUDGMENT WILL NOT LIE WHERE GENUINE ISSUES OF FACT REMAIN FOR TRIAL DETERMINATION.

The basic question here involved is whether appellant's tri-count second amended complaint on alleged patent infringement, unjust enrichment and breach of contract of employment was rightly terminated by an adverse summary judgment of dismissal. The law has been recently restated by the Supreme Court in the case of Poller vs. Columbia Broadcasting, (1961), 368 U.S. 464, where, in the course of its opinion reversing this Court, (109 U.S. App. D.C. 170, 284 F. 2d 599), the Court said:

"Summary judgment should be entered only when the pleadings, depositions, affidavits, and admissions filed in the case \* \* \* show that (except as to the amount of damages) there is no genuine issue as to any material fact and that the moving party is entitled to



judgment as a matter of law \* \* \*. \* \* \*  
This Rule authorized summary judgment  
\* \* \* only where the moving party is en-  
titled to judgment as a matter of law.  
Where it is quite clear what the truth is  
\* \* \* (and where) no genuine issue remains  
for trial \* \* \* for the purpose of the Rule  
is not to cut litigants off from their right  
of trial by jury if they really have issues  
to try."

In the light of the foregoing opinion of the Supreme Court, let us examine the pleadings, depositions and affidavits of the parties under Rule 56 to determine whether the granting of summary judgment was proper.

It is apparent from the record that the defendant, the appellee herein, has made two (2) separate attacks on Counts One and Two of the second amended complaint. The appellee first moved to dismiss Counts One and Two, but the trial Court overruled the motion to dismiss said Counts in its order entered April 5, 1963. In its motion to dismiss, the appellee challenged the legal sufficiency of the amended complaint.

The appellee's motion for summary judgment (assuming no issue of fact obtained) challenged the legal sufficiency of all three (3) counts embodied in the second amended complaint. Its position in this respect was bottomed on the provisions of the two (2) contracts of employment, dated November 5, 1945, and January 9, 1952. Appellee urged, and Judge Holtzoff ruled, that the contracts were terminable at the will of either party. Having taken such a position, the trial Judge granted the motion for summary judgment in toto and dismissed the second amended complaint. An analysis of the second amended complaint discloses as follows:



(a) Count One alleges in substance: That appellant entered into contracts of continuous and exclusive employment with the appellee on November 5, 1945, and on January 9, 1952, at a salary to be mutually agreed upon by the parties. Appellant entered upon his duties as a development and research engineer for the appellee corporation and continued in its service for fifteen (15) years, until he was unilaterally discharged by the appellee. That the said second amended complaint further alleged, "that shortly after the execution of said employment contract dated January 9, 1952, defendant corporation and he orally agreed that he would receive the annual salary for the year 1952 of \$9,849.83 and that said salary would be payable monthly and graduate each succeeding year thereafter; that his employment was permanent and that he would be further rewarded for his devoted services by periodic payments of bonuses. Plaintiff alleged that he assigned his patent rights to his inventions on the sole condition of permanent employment, periodic increase in salary and the bonus payments, and that these factors were well understood by defendant corporation at the time of the oral agreement aforesaid." The first count further alleges that the appellant, in the course of his employment, invented: a broken filament detector, prior to October 13, 1958, which he assigned to appellee and to which appellee obtained Letters Patent number 3,013,429, by the United States Patent Office, on December 19, 1961. That appellant further invented, prior to the signing of the contract dated January 9, 1952, an improved apparatus for the weight classification of a succession of articles moving at relatively high speeds. That said invention was assigned to appellee and appellee secured Letters Patent



thereon, on December 1, 1953, the same being number 2,661,091. It is further alleged in Count number One that appellant made a third invention, involving pneumatic spinning of continuous filament yarn, on August 29, 1960, but that the appellee refused to apply for Letters Patent thereon. The first count further alleges that the appellee can make more than Ten Million (\$10,000,000.00) Dollars out of the said inventions and that, since said patent assignments were conditioned upon continued employment and that he was wrongfully discharged by the appellee, he is entitled to his inventions and to an accounting for their exclusive use by the appellee, and for such license fees that have accrued to appellee in and about said patents.

(b) Count Two of the second amended complaint charges: That the appellant was summarily discharged by the appellee after fifteen (15) years of constructive service. That his aggregate salary during those years was approximately One Hundred Fifty-one Thousand (\$151,000.00) Dollars, yet the appellee can and did make more than Twenty-five Million (\$25,000,000.00) Dollars from his inventions and other improvements. Appellant sought judgment for unjust enrichment, under the second count, in the sum of Twenty-five Million (\$25,000,000.00) Dollars.

(c) The third count sought reinstatement and damages caused by appellant's wrongful discharge.

While it is true under Rule 56 of the Federal Rules of Civil Procedure that depositions and affidavits may be considered in determining



whether any genuine factual issue remains for trial determination, in the instant case the Judge based his ruling solely on the contract of employment dated January 9, 1952. Judge Holtzoff, in denying appellant's motion for summary judgment as to Count Three of the second amended complaint on September 25, 1963, used the following language:

"The plaintiff was employed by defendant under written contract which the plaintiff claims should be construed as providing for life subject to termination for cause only. The Court is of the opinion that the plaintiff is in error in so construing the contract.

"The original contract of November 5, 1945, provides in the fifth paragraph that the employer shall employ the employee or continue his employment at a wage or salary to be mutually agreed upon between them for such length of time as shall be mutually agreeable to said employer and said employee. Obviously that meant that the employment could be terminated at any time by either party.

"The second contract of January 9th, 1952, contained a similar provision. It provided for employment of the employee by the employer at a wage or salary for such length of time as shall be mutually agreeable. Obviously it did not mean that unless both agreed to terminate the employment the employment could not be terminated. On the contrary, the contract is subject to no other construction--it is not even ambiguous--but that either party could terminate the employment at will.

"Consequently the plaintiff has no cause of action for wrongful discharge."  
(Emphasis supplied)

The appellee took advantage of the above ruling of the trial Judge and shortly thereafter filed its motion for summary judgment on all three (3)



counts of the second amended complaint and its motion was heard before the same trial Judge, who, upon consideration thereof, adhered to the quoted ruling above.

However, it is apparent that the "law of the case" was established under the opinion and order of Judge Youngdahl, entered April 5, 1963, especially as to Counts One and Two of the second amended complaint.

In denying appellee's motion to dismiss, Judge Youngdahl stated in his opinion the following:

"\* \* \* Specifically, assuming that the plaintiff can establish his allegations that paragraph 'Fifth' is a provision for permanent employment unless terminated by mutual agreement, and that he was wrongfully discharged by the defendant, the issue would then arise whether the paragraphs covering the rights to patents were tied in with the paragraph covering length of employment in a way which would make them each mutual consideration for the other. (Footnote omitted) The Court indicated at the oral argument that it believed that the defendant had a clear right to the patents under the wording of the patent provisions, if the plaintiff were retained in the defendant's employ, but it now appears to the Court that these patent provisions may be tied to the paragraph covering length of employment, \* \* \*."

It is crystal clear that the ruling of Judge Holtzoff granting appellee's motion for summary judgment is a complete resection of the ruling of Judge Youngdahl.

It is manifest from Judge Youngdahl's opinion that genuine issues of fact existed; that a trial was necessary to develop and determine the facts



and the issues.<sup>1/</sup>

The ruling of Judge Holtzoff strips the contracts of the inclusion of surrounding circumstances and integrating factors. His ruling construes the contracts in isolation and in derogation of these circumstances. The granting of the motion for summary judgment precluded the appellant from showing at trial what the appellee's agents told him, was meant by the "mutually agreeable". Appellant was precluded from offering evidence to the jury that appellee had assured him that his employment would last so long as:

(1) He rendered competent and faithful service to the appellee and there was available work;

(2) That appellee assured him to be the recipient of a bonus plan, under and in accordance with as bonuses are awarded to employees who have contributed in an unusual degree to the success of appellee corporation;

(3) That such bonuses would be paid to appellant in addition to his salary;

(4) That appellant would be the recipient and beneficiary of an adequate retirement plan which would inure to the benefit of the appellant at the age of sixty-five (65) and that since appellant was forty (40) years of age at the time he would be entitled to retirement after twenty-five (25) years of service in appellee's corporation.

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<sup>1/</sup> Evidently, the appellee once believed there were genuine issues of fact. Cf. appellee's "Defendant's Statement of Genuine Issues of Material Fact", filed September 17, 1963, (Docket Entries, J.A. 2).



The posture thus presented by the record is cognate to the class of cases protected under the decision of Poller vs. Columbia Broadcasting, supra. There, again, in its opinion, the Supreme Court said:

"We believe that summary procedures should be used sparingly in complex anti-trust litigation where motive and intent play leading roles, the proof is largely in the hands of the alleged conspirators, and hostile witnesses thicken the plot. It is only when the witnesses are present and subject to cross-examination that their credibility and the weight to be given their testimony can be appraised. Trial by affidavit is no substitute for trial by jury which so long has been the hallmark of even handed justice." (Emphasis supplied)

The foregoing decision of the Supreme Court clearly shows that the judgment below granting summary judgment is erroneous. Furthermore, in the case of Guerrieri vs. Horter, (D.C. D.C.), 186 F. Supp. 588, 590, JUDGE HOLTZOFF recognized the rule of "the law of the case" and advocates that:

"Nevertheless, in the interest of orderly procedure and comity, it is desirable that a Judge should ordinarily follow the prior rulings of another Judge in the same case." Accord, Gatewood vs. United States, 93 U.S. App. D.C. 226, 209 F. 2d 789 and U.S. vs. U. S. Smelting Refining & Min. Co., 339 U.S. 186.

It is, therefore, the rationale of the foregoing decisions, that, "the law of the case", when first established, remains the law of the case until trial of the issues on the merits. Summary proceedings are not trials on the merits. The following cases likewise support the law of the case doctrine



enunciated above:

Hershel California Fruit Products Co. vs. Hunt Foods, (D.C. Calif.), 16 F.R.D. 547;

Continental Assurance Co. vs. Tucker, 138 F. Supp. 242, (D.C. N.Y.);

Michel vs. Meier, (D.C. Pa.), 8 F.R.D. 464;  
and,

McArthur vs. Rosenlaum Co., (D.C. Pa.), 85 F. Supp. 5, affirmed, 180 F. 2d 617.

In the Hershel case, supra, Judge Murphy of the N.D. Calif. S.D., District Court, said, among other things, that:

"\* \* \* I believe that since this case has been decided by Judge Carter in ruling on the original complaint, the same ruling should apply where we are dealing with the supplemental complaint. Right or wrong, this will involve one trial in which the whole factual controversy can be determined."

In the Continental case, supra, Judge Lumbard of the Southern District, New York, said:

"This is a motion by defendant Chloe Grant to dismiss plaintiff's interpleader suit on the ground that the complaint fails to state a claim upon which relief can be granted. An identical motion was made by this defendant in March of this year and was denied by Judge Murphy. Defendant argues that because Judge Murphy did not discuss in his short memorandum all the issues raised by that motion, we must now assume that he did not consider them and must therefore proceed to consider them now. A District Judge has no obligation in a matter of this kind to discuss every issue raised and it may not be assumed that lack of commentary reflected a lack of consideration. It is settled



in this circuit that when one District Judge rules on a motion his decision is the law of the case and cannot be reviewed by one of his colleagues." (Emphasis supplied)

The opinion then of the case of Commercial Union of America, Inc. vs. Anglo-South American Bank, Ltd., 2 Cir., 10 F. 2d 937, holds that, as Judge Rogers said:

"The learned Judge who first passed on the sufficiency of the complaint and held it to be sufficient, denying the motion to dismiss, filed no opinion; and the learned Judge who subsequently sat in the case, in the same court, held the same complaint insufficient and dismissed it, and also wrote no opinion, \* \* \* it appears, therefore, that in dismissing the complaint he thought the decision of the court in the Old Colony Trust Co. case, handed down after Judge Mack had made the original order sustaining the sufficiency of the complaint, was erroneous in law, ought to be disregarded by him, and required the dismissal of the action. In so holding we think he made a serious mistake, quite irrespective of whether or not the Old Colony Trust Co. case, was correctly construed by him. The counsel for the plaintiff in error insists that that case is plainly distinguishable from this in its facts, and is not at all governed by it. We shall not pass upon that question at this time, but content ourselves with holding that the decision made by Judge Mack was the law of the case as established in the District Court and should have been so treated by any other Judge sitting in the case in that court. Judges of coordinate jurisdiction, sitting in the same court and in the same case, should not overrule the decisions of each other."

The above decisions make clear that Judges of coordinate jurisdiction should not disrupt interlocutory rulings in the same litigation.



Moreover, the appellee was estopped from filing its motion for summary judgment against the second amended complaint because the grounds asserted in the latter motion were utilized by appellee as the basis of the motion to dismiss. Each motion challenged the two (2) contracts of employment, as not affording the appellant a cause of action. In deciding each motion, these contracts formed the basis of the two (2) decisions of the nisi prius Judges. In the Michel vs. Meier case, supra, Chief Judge Knight of the Western District, New York, said:

"A defendant who moves to dismiss a complaint for insufficiency, specifying the ground therefor after his motion is denied, cannot move for summary judgment on the same grounds since the decision on the first motion would be the law of the case and he would be estopped from raising the same question again. The ground of the motion to dismiss is that the complaint fails to state facts on which relief can be had, and the ground for summary judgment is that there is no genuine issue as to material facts, and what will justify the granting of one motion will justify the granting of the other." Accord, Central Mexico Light & Power Co., et al. vs. Munch, et al., 2 Cir., 116 F. 2d 85.

Here, the instant appeal presents issues decided differently by two (2) Judges of the Court below. They considered precisely the same issues and reached contrary legal conclusions. The decision of the second Judge was after explicit prior adjudication of the question at the same level of the Federal system in the same case and between the same parties. Such exercise of judicial power should not be invited. This invites "Court shopping".



Apart from the foregoing, there is the additional question implicit in the granting of summary judgment, viz.: the necessary absence of any genuine issue of material facts.

What implications are deducible from the contract of November 5, 1945, and the contract dated January 9, 1952? The crucial provision of the former provides as follows:

"Fifth: That said employer shall employ said employee, or continue his employment (as the case may be), at a wage or salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said employer and said employee."

The foregoing provision lends itself to two (2) prospective agreements. The first is an agreement as to salary and the second is the agreement as to duration of employment. Here it is evident that testimony is necessary to determine the extent of these two (2) subsequent agreements.

The second of the two (2) employment contracts was executed January 9, 1952, as aforesaid, and its crucial provision is as follows:

"Now, therefore, in consideration of and as a part of the terms of employment or continuation of employment (as the case may be) of the employee by the employer, at a wage or salary and for such length of time as shall be mutually agreeable, it is agreed as follows:",  
2/  
etc.

2/ Judge Holtzoff may have taken the position that, "mutually agreed upon", and, "mutually agreeable", as used in the November contract, meant different things; the first implying an agreement contemplated to be reached and the second expressing a mere present dispensible willingness. However, the January contract belies such a conclusion, and the agreement to be reached about salary and the duration of employment receive identical syntactical treatment.



Like the contract dated November 5, 1945, the above provision lends itself to two (2) prospective agreements, as to salary and as to duration and tenure. It is alleged in Paragraph 7 of Count One, and incorporated in Counts Two and Three of the second amended complaint by reference, as follows:

"Plaintiff further alleges that shortly after the execution of said employment contract dated January 9, 1952, defendant corporation and he orally agreed that he would receive the annual salary for the year 1952 of \$9,849.83 and that said salary would be payable monthly and graduate each succeeding year thereafter. That his employment was permanent, and that he would be further rewarded for his devoted services by periodic bonuses.

"Plaintiff alleges that he assigned his patent rights to his inventions on the sole condition of permanent employment, yearly increase in salary and the bonus payments, and that these factors were well understood by defendant corporation at the time of the oral agreement aforesaid."

The Court ruled that the above allegations were barred by the statute of frauds. Indeed, it is provided in the written contract dated January 9, 1952, that the same was, "in consideration of and as a part of the terms of the employment \* \* \*."

#### THE DOCTRINE OF PARTIAL INTEGRATION.

The judgment of the Court below completely ignores the doctrine of partial integration as an exception to the parol evidence rule. The case at bar is typical of the usual controversy that arises in cases of partial integration, i. e.,



where, as here,

"\* \* \* a certain part of a transaction has been embodied in a single writing, but another part has been left in some other form. Here obviously the rule against disputing the terms of the document will be applicable to so much of the transaction as is so embodied, but not to the remainder." IX Wigmore on Evidence, Section 2430, 3rd Edition.

The circumstances leading up to and following the executions of the contracts dated November 5, 1945, and January 9, 1952, are properly set forth in Paragraphs Six and Seven of the second amended complaint. The trial Court refused to permit appellant's counsel to argue the doctrine of partial integration at the hearing on appellee's motion for summary judgment, holding that any such evidence contravenes the statute of frauds. The general rule, however, is that when the parties to contract have reduced their entire agreement to writing, the Court will disregard and treat as legally inoperative parol evidence of the prior negotiation and oral agreements. There are three (3) important exceptions to this principle: First, where a party has been induced by fraudulent misrepresentation to enter the contract; second, the doctrine of 'partial integration', i. e., where the parties have not intended that the written document cover all of their subjects of negotiation, but only certain of them; third, the case of "collateral contract", in which the oral contract sought to be proved, is separate from and independent of the written contract. III Wigmore, 3rd Edition, states at pp. 97, 98, that:

"More correctly, the inquiry is whether the writing was intended to cover a certain sub-



ject of negotiation, for if it was not, then the writing does not embody the transaction on that subject and one of the circumstances of decision will be whether the one subject is so associated with the other that they are in effect 'parts' of the same transaction, and therefore, if reduced to writing at all, they must be governed by the same writing. In searching for a general test for this inquiry, three propositions at least are capable of being generally laid down: (1) Whether a particular subject of negotiation is embodied by the writing depends wholly upon the intent of the parties thereto. In this respect the contract is between voluntary integration and integration by law. Here the parties are not obligated to embody their transaction in a single document, yet they may, if they choose. Hence it becomes merely a question whether they have intended to do so."

It becomes increasingly obvious that the question of intent referred to by Wigmore, above, cannot be determined on summary proceeding. III Wigmore, 3rd Ed., in disclosing how this intent is ascertained, further states, at p. 98:

"This intent must be sought where always intent must be sought, namely, in the conduct and language of the parties and the surrounding circumstances.... The document alone will not suffice. What it was intended to cover cannot be known til we know what there was to cover. The question being whether certain subjects of negotiation were intended to be covered, we must compare the writing and negotiation before we can determine whether they were in fact covered.

"(3) In deciding upon this intent, the chief and most satisfactory index for the judge is found in the circumstance whether or not the particular element of the alleged extrinsic negotiation is dealt with at all in the writing."



Indeed, this Court has made the foregoing rule applicable in the District of Columbia. Thus, in the case of Breewood vs. Cook, 92 U.S. App. D.C. 386, 207 F. 2d 439, this Court said:

"This resolution of the facts by the District Court goes far toward solving the legal issue as well. For the law does not exclude proof by parol evidence of a contemporaneous agreement in addition to and not inconsistent with or a variation of a written agreement between the same parties. \* \* \* Where the parties did not adopt the writing as a statement of the whole agreement, parol evidence of an additional one is admissible. 3 Williston, Contracts, § 636, (1936). This rule is sometimes referred to as the partial integration doctrine, due to the fact that only part of the whole transaction is integrated into the writing."

The District of Columbia Court of Appeals has adopted and applied the said rule, in a well explicated opinion in the case of Giotis vs. Lampkin, 145 A. 2d 779.

The "lex contractus loci" is clearly in accord with the foregoing decisions as the Superior Court of Delaware held in the case of Arthur Jordan Piano Co., Inc. vs. Lewis, 154 A. 467. Public policy, together with the provisions of Rule 56 of the Federal Rules of Civil Procedure, as construed by the above decision of the Supreme Court, dictate, that, where well pleaded material issues of fact are disclosed by the complaint, the plaintiff is entitled to have such issues tried before a jury. And, further, those who have contested an issue shall be bound by the results of the contest and that interlocutory matters once tried shall constitute the law of the case preceding a trial on the merits.



Because of the foregoing reasons, appellant contends that the trial Court erred in granting the motion for summary judgment and dismissing his second amended complaint.

## II

### THE CONTRACT OF EMPLOYMENT HERE INVOLVED PROVIDED PERMANENT EMPLOYMENT UNLESS TERMINATED BY MUTUAL CONSENT.

There is a clear expression of the scope and effect of mutual promises appearing on Bilateral Contracts, in "Restatement of the Law, Contract", Section 266. The law is thus expressed:

#### "Bilateral Contract For Agreed Exchange

(1) Promises for an agreed exchange, means mutual promises in a bilateral contract where the performance promised by one party is the agreed exchange for the performance promised by the other party.

There can be no doubt that the parties consider not only their promises in a bilateral contract, as exchange for each other, but also consider them performances promised as the subject of exchange.

It cannot be supposed that parties would exchange unconditional promises, each promise being the consideration for the other, except on the assumption that they regarded the respective performances as also subjects of exchange.

When parties enter into an ordinary bilateral contract, therefore, they contemplate a double exchange, first an exchange of promises



and later an exchange of performances. It is so generally true also that the performances to be exchanged are treated by the parties as of equivalent value that any exceptions are disregarded in favor of a uniform rule."

The legal principles enunciated by "Restatement of the Law, Contract", supra, are especially applicable to the two (2) contracts of employment entered into by appellant and appellee corporation, in that appellant promised to devote his entire time and best effort to such duties as may be assigned to him in research engineering, and to assign all inventions to the appellee, for a salary and tenure to be mutually agreed upon, in exchange for appellee's promise to employ or continue the employment of appellant; the salary was to be mutually agreed upon between the parties and it was to endure for such length of time as shall be mutually agreeable to the parties<sup>3/</sup>. The performances or exchanges under the said mutual promises were effective between the parties for over fifteen (15) years, when the appellee summarily discharged the appellant from its employment.

It was held by the First Circuit, in the case of United States vs. Grominio, 154 F. 2d 78, that a contract is not revocable, except by mutual consent, where it contains no provision for unilateral revocation.

The question of the enforcement of mutuality in contract or bilateral contract of employment has long since received the approval of the

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<sup>3/</sup> It is difficult to achieve a mutually agreeable state without an exchange of views and a resolution of any differences.



highest Court of the land. Thus, in the case of Pierce vs. Tenn Coal & R. R. Co., 173 U.S. 1, the Supreme Court states, that, where the employee was injured in the course of his employment under circumstances which might render the employer liable for damages, and where the employee entered into an agreement with the employer to release it from liability upon the monthly payment to the employee of Sixty-five (\$65.00) Dollars and other benefits, and the employee was to render such services to the employer as his physical disability would permit, and that the employer made payments in accordance with the contract for a while before discharging the employee and discontinuance of the payments, that, in such event:

"The defendant committed an absolute breach of the contract, at a time when the plaintiff was entitled to require performance. That plaintiff was not bound to wait to see if the defendant would change its decision, and take him back in its service, or to resort to successive actions for damage from time to time, or to leave the whole of his damages to be recovered by his personal representatives after his death. But he had the right to elect to treat the contract as absolutely and finally broken by defendant, to maintain this action once (and) for all, as for a total breach of the entire contract, and to recover all that he would have received in the future, as well as in the past, if the contract had been kept."

The foregoing opinion also discussed and decided the measure of damages, which will be discussed hereinbelow. Likewise, referring to the allegations of the complaint and the tendered proof, the Supreme Court said:

"The complaint alleged and the plaintiff



at trial introduced evidence tending to prove, that by these injuries he was permanently disabled, that he was always ready and offered to do for the defendant such work as he was able to do, and labored at that work for such reasonable time as he was able to work under the contract, and that the defendant without any reasonable ground therefor, denied its obligations to pay the plaintiff the stipulated wages longer than it suited its pleasure, and for six months before the commencement of the action disregarded the contract, and refused to abide by it, and entirely abandoned the contract, and dismissed the plaintiff from its services."

The Supreme Court stated that if those facts were established, the law as stated above would become operative.

Appellant asserts that he had a contract with the appellee, and that his employment was permanent, in so far as that term means not terminable at the whim of his employer. To draw the issue more clearly, his contract was not one terminable at will, but to endure so as to secure bonuses, benefits and pension rights, all of which were discussed and understood by the parties contemporaneous with its exposition before this matter came into controversy.<sup>4/</sup>

The appellee, according to appellant,<sup>5/</sup> offered appellant permanent employment, and in consideration of this he granted to the employer the assignment, not only of patent rights, but of improvements and all products of his inventive genius. In the language of Judge Bradley, the contract included, in

<sup>4/</sup> Eastmont Const. Co. vs. Transport Mfg. Co., 8th Cir., (1960), 301 F. 2d 34.

<sup>5/</sup> See affidavit of Maloney, filed Dec. 9, 1963, (J.A. 131), and deposition of Maloney, filed July 24, 1963, (J.A. 71).



reality,

"an assignment or agreement to assign in gross, a man's future labors as an author or writer, in other words a mortgage on a man's brain, bind all future product."  
(Aspinwall Mfg. Co. vs. Gill, 32 F. 2d 697, 3rd Cir.)

While the Courts have held such an assignment not oppressive and enforceable,<sup>6/</sup> they could hardly mean that the consideration for this assignment, which passed to the employee, i. e., "permanent employment", is too extraordinary or indefinite to enforce.

Our Court of Appeals in Littel vs. Evening Star, 73 App. D.C. 409, 120 F. 2d 36, 37, poses the questions material here:

- (1) What elements are necessary to constitute a contract of permanent employment?
- (2) Are the facts of the present case sufficient to prove that such a contract was made?

#### THE LANGUAGE OF THE CONTRACT

"WHEREAS, THE EMPLOYER NOW MAINTAINS A BONUS PLAN, UNDER WHICH BONUSES MAY IN THE DISCRETION OF ITS EXECUTIVE COMMITTEE BE AWARDED ITS EMPLOYEES WHO HAVE CONTRIBUTED IN AN UNUSUAL DEGREE TO THE SUCCESS OF THE EMPLOYER BY THEIR INVENTIONS;

NOW THEREFORE, IN CONSIDERATION OF AND AS A PART OF THE TERMS OF EMPLOYMENT OR CONTINUATION OF EMPLOYMENT (AS THE CASE MAY BE) OF THE EMPLOYEE BY THE EMPLOYER, AT A WAGE OR SALARY AND FOR SUCH LENGTH OF TIME AS SHALL BE MUTUALLY

<sup>6/</sup> Patent and Licensing Corp. vs. Olsen, 188 F. 2d 522.



AGREEABLE, IT IS AGREED AS FOLLOWS:  
(Emphasis supplied)

This contract contains the elements essential in a Contract of Permanent Employment.

We are not without some guide in this jurisdiction to gauge the character of a contract claimed to be "permanent", as contra-distinguished from an engagement "terminable at will" of either party. In Littel vs. Evening Star, supra, the following language appears at p. 37:

"Thus when one who enters into a contract of employment, promises not only that he will give his services, but also additional consideration \* \* \* such facts may be sufficient, in such case, to show intent to enter into a contract of permanent employment."

In the case at bar, absent some special agreement, oral or written, or regulations binding on an employee, an employer would only receive "shop rights" to an employee's invention,<sup>7/</sup> where he was merely hired generally, and not for a specific project.<sup>8/</sup> Appellant was not hired to design, construct or invent a particular device; he was hired generally and it became necessary for appellee, and an important consideration passing to it from appellant, to have an assignment of the statutory right to a patent, in addition to the use, that is, "shop rights", of the products of his inventive genius. Here not only has ap-

<sup>7/</sup> Dalzell vs. Dueber Watch Co., 149 U.S. 315. (Cf. Hapgood vs. Hewitt, 119 U.S. 226. Also see, controlling employee regulations, Shook vs. U. S., 238 F. 2d 952, 956)

<sup>8/</sup> Standard Parts Co. vs. Peck, 264 U.S. 52. (Cf. other rule where hired as research engineer generally, B. F. Gladding Co. vs. Scientific Anglers, Inc., 248 F. 2d 483, 485)



pellant assigned, in general, all prospective products of his genius, but, bearing in mind appellee's far-flung interests in the entire field of engineering, the agreement enjoins appellant not to use such acquired skills, information and know-how, for a subsequent employer, save upon the written consent of appellee. The agreement not only is a servitude on his talent and skills for the term of his life, but ties the hands of his executors, heirs at law and next of kin perpetually.

However, in the circumstances of this case we are not confined to the four corners of the instrument alone or controverted simultaneous oral conversations to establish the nature of his contract of employment. His suit, sounding in equity, asserts that appellee, by oral persuasion, written inducement, and a continued course of conduct, lead him to believe, from the time of the execution of said contract, that the contractual obligation to continue his employment was not terminable at appellee's will and caprice. In his affidavit in support of his position, filed herein, (J.A. 131), he outlines the many incentives to continued employment with appellee, and the many intriguing benefits accruing over the years, culminating in his retirement at age sixty-five (65). Such promises and inducements, if made, as plaintiff claims, are enforceable. (Lee vs. Jenkins Brothers, (1959), 268 F. 2d 357, 2nd Cir.)

THE VIEW THAT UNDER CERTAIN CIRCUMSTANCES CONTRACTS MAY NOT BE TERMINABLE AT WILL ALTHOUGH NO ADDITIONAL CONSIDERATION IS GIVEN.

The decisions under the earlier cases seemingly applied a mechanical test, making terminability entirely dependent upon whether additional



consideration over services was given. However, as pointed out by Judge Miller of this Court, in Littel vs. Evening Star, supra:

"the rule is that unless the parties reveal an intent to enter into a contract for permanent employment, it will be regarded as terminable. Where the intent is not clearly revealed by the express terms of the agreement the Court will look to evidence of surrounding circumstances to determine what was in the mind of the contracting parties. Thus when one who enters into a contract of employment, promises not only that he will give his services but also additional consideration, as for example by making an investment in the business, by resigning from Government Service, by giving up his own business, or by relinquishing an acknowledged right to recover for injuries which he has suffered, such facts may be sufficient, in each case, to show the intent of the parties to enter into a contract for permanent employment. Some of the courts have reasoned from these cases that, to prove a contract of permanent employment, two considerations must be shown, that is a consideration in addition to the services to be performed, and that in the absence of two considerations there can be no such contract. This misconception results from the mistaking of the form of the substance. If it is their purpose, the parties may enter into a contract for permanent employment—not terminating except pursuant to its express terms, by stating clearly their intention to do so, even though no other consideration than services to be performed is expected by the employer or promised by the employee." (Emphasis supplied)

It must be conceded that the two (2) employment contracts entered into between appellant and the appellee corporation, on November 5, 1945,



and on January 9, 1952, qualify under both the earlier cases and the law as pronounced above by our Court of Appeals, in that:

(1) The appellant promises not only to render services, but, also, to assign all inventions and patent rights to the appellee corporation; and,

(2) The contracts clearly provide that the appellee corporation shall employ and continue the employment of the appellant: "For such length of time as shall be mutually agreeable and to the said employer and said employee." Such a clear statement of intention as apperas in the contracts of employment, is sufficient to meet the criteria created by the language of the Court of Appeals stated above.

Speaking on the restriction of an employer in a contract of permanent employment, in Marrenzano vs. Riggs National Bank of Washington, D. C., 87 U.S. App. D.C. 195, 196, this Court also said:

"But the contractual provision—that there shall be no discharge except for good and sufficient cause restricts the employer's right to discharge; the agreement is breached, therefore, if an employee is let out without such cause, and the Court erred in holding otherwise."

In the case of Thorne vs. True-Hickson Lumber Co., 167 Miss. 266, 148 So. 388, where a contract of employment to operate the defendant company's planing mill as long as the mill was operated in the same place, was held enforceable, the plaintiff-employee was held entitled to damages because of the breach resulting from his discharge without cause, notwithstanding there was no mention of any valuable consideration given by the said plaintiff-



employee in addition to the services incident to the employment.

Moreover, there is a 1936 English case holding the same view. Thus, in the case of Salt vs. Power Plant Co., 3 ~~Q.B.~~ Eng. Rep. 322 (set out in 34 Eng. & Emp. Dig., 1938 Supp., No. 262 b. p. 4), plaintiff was employed by the defendant company upon the terms set out in a letter which provided that the employment would be for a minimum of three (3) years, subject to defendant's right to cancel the agreement in case of wilful default, and that the company had the right to terminate the agreement at the expiration of the above-mentioned period by giving six (6) months' notice in writing, and in the absence of such notice the employment was to remain in force as permanent. Eleven (11) years thereafter, the defendant company gave the plaintiff six (6) months' notice that the plaintiff would be discharged. As a result of said discharge, plaintiff brought this action for wrongful discharge. On appeal from judgment dismissing the complaint, it was held that the judgment be reversed, since the term "permanent" in the contract meant that, in the absence of the prescribed notice determining the employment at the end of three (3) years after the formation of the contract, the plaintiff's employment was to continue for his life, subject to termination for misconduct, notwithstanding that it appeared that the plaintiff did not give any consideration additional to the services incident to the employment.



### III

#### BREACH OF CONTRACT OF EMPLOYMENT INVOLVED ASSIGNMENT OF INVENTION AND PATENT RIGHT, UNDER THE DOCTRINE OF THE "ROCKWELL CASE".

In the case of Rockwell vs. New Departure Mfg. Co., 102 Conn. 255, 128 A. 302, the defendant was incorporated in 1889 by charter from the General Assembly of Connecticut; it took over the business of a partnership of which plaintiff was a member, engaged in Bristol in the manufacture of doorbells, bicycle bells and call bells under patents covering inventions originated by plaintiff, and which manufacture and business it continued. In October of 1889, defendant entered into an agreement with plaintiff, by which the latter was employed as a superintendent, and also in the making and perfecting of inventions, at a salary of One Hundred Fifty (\$150.00) Dollars per month, and providing that, after he should have left its employ, he should transfer to the defendant all inventions or improvements in existing inventions pertaining in any way to gongs or bells or machines to make or produce the same and would do all things necessary to secure patents upon such inventions, and would assign the patents to the defendant. The plaintiff did assign under this agreement existing patents to defendant, and thereafter invented and patented divers inventions which he similarly assigned. Plaintiff continued in this employment until 1891 or 1892, when he left defendant's employ. After three (3) years, he returned to defendant's employ, as president in charge of the inventive, mechan-



ical and manufacturing department of the company, and continued in the active management of the defendant until January 1, 1914.

Plaintiff's salary was fixed in 1895 at Nine Thousand Five Hundred (\$9,500.00) Dollars a year, but reduced because of poor business in 1898 to Five Thousand (\$5,000.00) Dollars, and so continued on July 1, 1903. As a result of negotiation, the plaintiff and defendant entered into a new employment agreement. The agreement provided, among other things, that the plaintiff granted the defendant exclusive leave and license to make, use and sell to others, brakes and coaster brakes embodying any or all of the inventions set forth in the applications pending in the U. S. Patent Office, and in any patent granted or as may thereafter be granted in any foreign country for such inventions relating to brakes and coaster brakes. The plaintiff further agreed to impart to the defendant company any and all information regarding any inventions or improvements in brakes and coaster brakes as the defendant company may desire. The said contract further provided that the plaintiff:

"\* \* \* Will execute and deliver to the company all applications, assignments and other written instruments which may be necessary or desirable to secure letters patent of the United States and foreign countries and to vest the absolute title thereto in the company for the full term of the patents. And that said letters patent may be granted for any and all other



inventions or improvements of every description not relating to brakes or coaster brakes now possessed by, or which may be hereafter invented and acquired by (plaintiff)."

In consideration of the covenants by the plaintiff, the defendant company covenanted and agreed to give plaintiff:

"(1) 5% royalties on the sales of the invented or patented commodities, (2) that plaintiff is to remain in the employ of the company so long as the company shall elect, and shall receive a salary for his services exclusive of his royalties, of \$5,000.00 per year, payable monthly. And that should the plaintiff voluntarily leave the employment of the company for any other reason than the non-payment of the royalties and salary as provided herein then and in that event all payments to him under the agreement whether as royalty or salary shall cease and determine, but plaintiff agrees that the right of the company to his inventions shall continue and that he will perfect the title of the company absolutely to any and all inventions, improvements



and letters patent which he may have invented  
or acquired or which he may hereafter invent  
or acquire."

On the advice of plaintiff, in 1913, the defendant expanded its business operation at a cost of over a half-million (\$500,000.00) dollars and at a substantial loss. As a result thereof, plaintiff continued as president and director of defendant's company with no reduction of income from the defendant, but he was given no duties to perform except formal ones incidental to the office of president. Plaintiff was forbidden to exercise any power in defendant's business during the years of 1914, 1915 and 1916. After plaintiff's demotion as general manager, he ceased to have any executive functions, although the plaintiff was ready and willing at all times during these years to render defendant any service in his power and gave defendant's officers and directors that assurance. Plaintiff having been advised that the board meeting of October, 1915, failed to re-elect him as president, he proceeded to write the defendant, stating, that he would move from his present offices and defendant could use these offices for other purposes; that he would be in Bristol part of the time and would give immediate attention to any calls made upon him by defendant. That in January, 1917, plaintiff made demands upon defendant for royalties and salary and defendant replied by offering to pay upon the signing of a full release by the plaintiff.

On March 9, 1917, defendant voted that plaintiff had left its employment for reasons other than non-payment of royalties or salary, and



ceased its payments to plaintiff on its books. Plaintiff sued the defendant for royalties and salaries. The lower Court found that plaintiff was entitled:

"(1) To the royalty upon the coaster brakes as embodying invention made by him.

(2) That he was not entitled to any royalties arising out of the Townsend and Copeland patents.

(3) That plaintiff was entitled to commission on all licenses, foreign and domestic to manufacture of coaster brakes except those to the Corbin, Pope and Pierce Companies.

\* \* \* \*

(8) Plaintiff is entitled to recover the agreed salary up to the time he left the employment of defendant on or about March 1, 1917.

(9) The provisions of the agreement of 1903 are not severable so that, on one side, may be set those which relate to the vesting in the company of the right to plaintiff's inventions and the payment to him by way of royalties and commissions, and on the other, those relating to his employment, his salary, and the results following his voluntary withdrawal from that employment.

(10) Even though the provisions of the 9th paragraph of the agreement are such as to make the agreement unilateral in its nature, still so far as the contract had been executed, the law would give effect to their terms as fixing the rights of the parties.

(11) The provisions of this paragraph by virtue of which the payments of royalties were to cease and determine upon the plaintiff's voluntary withdrawal from the defendant's employment is not unenforceable against him as a penalty.



(12) The plaintiff on or about March 1, 1917, voluntarily left the employment of defendant for reason other than the non-payment of his royalty and salary, within the meaning of the 9th paragraph of the agreement of 1903.

(13) He is not, therefore, entitled to recover any royalties, commission or salaries which had not accrued to him on or before that day."

An appeal was taken from the foregoing judgment of the Superior Court by the plaintiff, and upon appeal the Supreme Court of Errors of Connecticut held:

"(1) that the defendant first breached the contract by failure to give plaintiff an opportunity to perform the services required of him by the contract and thereby wrongfully discontinued his employment;  
(2) that the plaintiff left the employment because he was not paid royalties and salary, and was denied the opportunity to render services as contracted;  
(3) that the provisions of paragraph nine of the contract, 'that should plaintiff voluntarily leave the employment of the defendant for any other reason than non-payment of royalty and salary, payment under the contract of royalty and salary shall cease, but right of (defendant) to the inventions of (plaintiff) shall continue,' is a penalty and unforceable."

The Court, citing Vol. 13, Sec. 1293 of Williston Law of Contracts, said:

"it is not only for a breach of express promises that a contractor is liable but of implied promises as well. Since the governing principle in the formation of contracts is the justifiable assumption by one party of a certain intention on the part of the other, the undertaking of each promisor in a



contract must include any promise which a reasonable person in the position of the promisee would be justified in understanding. So, if a contract of employment contains no other express promise on the part of the employer than to pay a stipulated compensation, there is an implied promise to employ which is violated by a refusal to allow the employee to perform his duties as such, though there is no refusal to pay the compensation."

The Court continued:

"the parties understood that patents on such inventions were to be transferred. And plaintiff did transfer a very considerable list of these. The law would imply the provision for a transfer in order to meet the obligation upon defendant expressly imposed to pay for such manufacture and use. This implied obligation will also be aided by the other provision of the contract requiring defendant to pay the cost of taking out such patent and providing that, upon plaintiff's voluntarily leaving defendant, its right to these inventions shall continue. There is also a failure to provide in the contract that defendant shall continue to provide plaintiff with such employment that he may carry out the promises of his employment. The primary purpose of the contract on the part of the defendant was to enable it to secure for itself plaintiff's inventive ability and all of his inventions during the life of the contract.

"And on the part of the plaintiff to obtain a more adequate compensation as well as to secure an opportunity to use his inventive and executive ability in a way to have them enure more largely to his benefit. \* \* \* The right to this opportunity to make and develop his invention was as we have seen, an implied obligation of defendant and written into the contract by the law. As soon as defendant took and maintained this position, it breached the contract, and thereafter plaintiff had the legal



right to exercise his privilege and declare the contract at a (sic) end," See, Sigmon vs. Goldstone, 101 N. Y. S. 984.

The Court further held that paragraph nine of the contract, which provides that the right of defendant to plaintiff's inventions after plaintiff leaves defendant's employ, was in the nature of a penalty and unenforceable. That the plaintiff shall receive full royalties and commission on all domestic licenses, which includes inventions made or acquired by plaintiff during the full period for which the patents were granted.

#### IV

THE CONTRACT OF THE PARTIES MAY NOT BE INTERPRETED SO AS TO PERMIT THE APPELLEE TO TERMINATE ITS OBLIGATION WITH IMPUNITY BUT SURVIVE TO CONTINUE ALL OF APPELLANT'S IN EFFECT.

The whole thrust of the argument of appellee and the lower Court's decision in respect to the foregoing, stems from the contention that appellant's entire cause, set forth in three (3) counts, fell if his employment contract was terminable at will. The conclusion of the trial Court, in holding that the contract was terminable at will, gave no consideration whatever to the significance of other provisions of the contract which the appellee claimed still bound the appellant, even if it terminated its contractual obligation. In other words, appellee seeks to terminate at will, ONLY its obligation under the contract, while



continuing in force and effect those obligations of the appellant, just as though the contract had not been terminated.

It was in this area that Judge Youngdahl, in denying appellee's motion to dismiss, indicated that the appellee 'could not have its cake and eat it at the same time'. Moreover, the summary judgment, as entered below, would foreclose the appellant from the relief he claims to be entitled to, even if the contract is terminable at will. While it is conceivable that appellant might not terminate the contract, so as to avoid his responsibilities thereunder, even if it is terminable at will, the appellee, similarly, cannot avoid the consequences, if in its wisdom, it decides to terminate it. Once the consideration for the assignment of patents—detriment to appellant, and a corresponding benefit to appellee, his employment—is cut off, there is no consideration for the continued visitation of a detriment on appellant.

So, at the very most, with reference to patents to be applied for, the appellee would only have "shop rights". However, appellant claims in his second amended complaint, by Exhibit "E" attached thereto, that after the appellee terminated the contract, it still insisted upon performance thereof on the part of appellant. In the single case found treating this particular variant of the problem, the Rockwell case, *supra*, it was held that the provision for the right to patent after termination of the contract was a penalty to be invoked if appellant terminated the contract. In other words, the contract was not severable, even by its terms, so that on the one side those vesting in the appellee all right to appellant's patent rights could be maintained, while, on the



other, the consideration for the grant could be extinguished at the mere whim of the appellee.

The judgment of the lower Court upholds this untenable position of the appellee, in this strained construction of an employment contract, drawn by the appellee to facilitate its own purpose. On the surface, this judgment construes the term "mutually agreeable" to mean that the contract shall continue only so long as each party individually wishes it to continue, so that when either party ceases to be agreeable to the continuation of the employment, that party is free to terminate it without being required to state any reason for such action. This doctrine is founded upon a misconstruction and "dicta" of the case of Faulkner vs. De Moines Drug Company, 117 Iowa 120, 90 N.W. 586. The Faulkner case, however, was decided on the issue of indefinite duration of the contract. There, the Court held that the contract was <sup>9/</sup>void for "uncertainty of a terminating date". The defendant's demurrer to the petition in the Faulkner case, raised four (4) questions, namely:

- (1) Whether the contract providing for perpetual employment was void as against public policy;
- (2) Whether it was too indefinite, as to period of employment;
- (3) Whether the damages are based on future profits; and,
- (4) Whether the contract was void for uncertainty.

The trial Court sustained the demurrer. The appellate Court,

<sup>9/</sup> Appellee, here, insists that the contract still binds appellant and in this respect is not void, (J.A. 42).



in affirming the judgment, held the contract WAS VOID for the want of a reasonable basis for the assessment of damages, and not for the lack of a double consideration. The Supreme Court of Missouri has held in the case of Paisley vs. Lucas, 346 Mo. 827, 143 S.W. 2d 260, that:

"In construing a contract of doubtful meaning the court must give such construction as will be fair and reasonable between the parties and not give one an unfair advantage over the other."

The opinion of the said Court further stated, that:

"\* \* \* common sense and good faith are the leading characteristics of all interpretations; \* \* \* the ordinary meaning of the language used must be given effect and the intention of the parties gathered from a consideration of all provisions of the contract. When the intention of the parties is ascertained, it will be given effect unless it violates some rule of law."

In the case of Fargo Glass & Paint Company vs. Globe American Corp., (7th Cir.), 161 F. 2d 811, 813, where an agent who had an exclusive, indefinite territory contract with the manufacturer, and the latter terminated the contract before the agent received any returns after expending considerable money in developing the agency, the agent sued for wrongful termination of the contract. The Court held, in applying the Missouri law, that:

"The limitation is that, in any case of an indefinite agency where it is revoked by the principal, if it appears that the agent, induced by his appointment, has in good faith incurred expense and devoted time and labor in the matter of the agency without having a sufficient opportunity to recoup such from the undertaking, the principal will be required to com-



pensate him in that behalf; for the law will not permit one thus to deprive another of value without awarding just compensation."

In *United States Colloid Mill Corp. vs. Myers*, (D. C. S. D. N. Y.),

6 F. Supp. 203, the Court said:

"There is some popular notion that, so far as concerns invention, employees sell their brains to their employers; but that is not the law. On the contrary, the Supreme Court has thoroughly established that, while certain shop rights in invention made by an employee, while engaged in the work of his employment may accrue to the employer, no title thereto passes unless there be a plain and unambiguous contract obligation by the employee to turn it over to his employer. Only by such a contract can title to the employee's invention be obtained."  
(Emphasis supplied)

The contract in question cannot be terminated for purposes of the employer and not be similarly terminable by appellant, especially where the contract does not expressly authorize its termination by appellee at its pleasure. Aside from questions of mutuality, the contract is not severable so as to permit the employer to abrogate all of its obligations at will, with impunity, but continue appellant's in full effect so as to retain the portions beneficial to it. In *Traiman vs. Rappaport*, (3rd Cir.), 41 F. 2d 336, the Court said:

"Whether a contract is entire or divisible, depends very largely on its terms and on the intention of the parties disclosed by its terms. As a general rule a contract is entire when by its terms, nature and purpose, it contemplates and intends that each



and all of its parts are interdependent and common to one another and to the consideration. On the other hand, it is the general rule that a severable contract is one which is in its nature and purpose susceptible of division and apportionment. \* \* \* Aside from the terms of the contract and intention of the parties, a test of severability is that if the consideration is single the contract is entire \* \* \*." (See, 13 C.J. 561)

In the case of Green vs. Obergfell, 73 App. D.C. 298, 121 F. 2d 46, our Court of Appeals, in stating the applicable law, said:

"Appellees assert the applicable, general rule of law to be that a contract which fixes no period of duration, and which by its inherent nature does not imply a power of revocation, is terminable only by mutual consent."

The Court further stated, that:

"If a contract is not revocable at the will of either party, or otherwise limited as to its duration, by its express term, or by the inherent nature of the contract itself, with reference to the subject matter or its parties, it is presumably intended to be permanent and perpetual in the obligation it imposes."

In a leading case, Warner vs. Texas and Pacific Ry. Co., 164 U.S. 418, stating the Rule, the Supreme Court said:

"If the plaintiff would grade the ground for a switch, and put on the ties, at a certain point on defendant's railroad, the defendant would put down the rails and maintain the switch for the plaintiff's benefit for shipping purposes as long as he needed it."

The switch was maintained for thirteen (13) years and then abolished by the



railroad. The plaintiff instituted suit for breach of contract, but the lower Courts dismissed it. The Supreme Court held that the action was well brought, both as to the breach and as to the said statute of frauds.

In Friedman vs. Decatur Corp., 77 U.S. App. D.C. 326, 135

F. 2d 812, the Court said:

"The disputed contract contains a mutual exchange of promise between the two parties, hence it is bilateral in character. The provision that the agreement should be null and void, in event the property were not made available for industrial use with wharfage facilities and pipe line privilege, was a condition precedent. In the present case, since the condition was for the benefit of appellant, he could, if he wished have waived and insisted upon transfer of the land. Null and void here means only voidable at the buyer's option. To that extent at least appellee was obligated \* \* \* sufficient to satisfy the requirement of mutuality of obligation, upon which the bilateral character of the contract depends."

However, even if we were to assume, arguendo, that the contract was terminable at will, if the appellant's employment was terminated wrongfully, without just cause as he claims, appellee would be liable for depriving him of the benefits his continued service with defendant were advertised to bring him. (Coleman vs. Graybar Electric Co., 195 F. 2d 374) The rule of law, applicable, while condoning and approving the right to terminate employment, at pleasure, proclaims, resultant liability for bonuses and other benefits extended to an employee, if his discharge was not the less wrongful. (See, also, Patton vs. Hobson, 259 Mass. 424, 156 N.E. 534; Feller Co. vs.



Brown, (4th Cir.), 15 F. 2d 672)

CONCLUSION

WHEREFORE, the premises considered, your appellant prays that the judgment of the lower Court granting appellee's motion for summary judgment be reversed.

Respectfully submitted,

/s/ Henry Lincoln Johnson, Jr.  
Henry Lincoln Johnson, Jr.  
Attorney for Appellant

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Brief for Appellant was mailed, postage prepaid, to Edward J. Grenier, Jr., Esquire, and James C. McKay, Esquire, Attorneys for Appellee, 701 Union Trust Building, Washington, D. C., 20005, this 11th day of May, 1964.

/s/ Henry Lincoln Johnson, Jr.  
Henry Lincoln Johnson, Jr.



JOINT APPENDIX

**BEST COPY AVAILABLE**

from the original bound volume



INDEX TO APPENDIX

	Page
Docket Entries, C. A. 3699-62	1
Amended Complaint for Declaratory Judgment To Establish Ownership of Inventions and Letters Patent, for Unjust Enrichment and other Relief	5
Defendant's Motion To Dismiss Amended Complaint	11
Memorandum and Order of Judge Youngdahl denying Motion To Dismiss, Entered April 5, 1963	12
The Second Amended Complaint	14
Flyleaf to Exhibits	29
Exhibit "A-1" -- Letter of Appellee Corporation To Appellant, dated January 13, 1961	30
Exhibit "A-2" -- Employees' Agreement of November 5, 1945, between Appellant and Appellee	32
Exhibit "A-3" -- Employees' Agreement of January 9, 1952, between Appellant and Appellee	34
Exhibit "A-4" -- Letter of Appellant to Appellee Corporation, dated December 12, 1961	36
Exhibit "B" -- Letter of Appellee Corporation to Appellant, dated February 2, 1962	42
Answer to Second Amended Complaint	43
Plaintiff's Motion for Summary Judgment on Count Three of the Second Amended Complaint	53
Affidavit of Plaintiff dated July 20, 1963	53
Affidavit of L. R. Crittenden	56



	Page
Affidavit of C. B. Daniels	50
Excerpts from Deposition of Plaintiff-Appellant, Norvin G. Maloney, Jr., Taken July 24, 1963:	
(a) Page 7, Lines 12 - 19	61
(b) Page 14, Line 19 through Page 16, Line 1	61
(c) Page 17, Lines 5 - 19	63
(d) Page 29, Line 14 through Page 61, Line 12	63
(e) Page 70, Line 14 through Page 72, Line 3	91
(f) Page 120, Line 7 through Page 159, Line 6	93
(g) Page 200, Line 4	120
(h) Page 209, Lines 5 - 19	120
Excerpts from Proceedings of September 25, 1963:	
(a) Page 20, Lines 7 - 9	121
(b) Opinion of the Court -- Page 35, Line 21 through Page 37, Line 22	122
Order Denying Motion for Summary Judgment on Count Three of the Second Amended Complaint, Entered September 25, 1963	124
Defendant's Motion for Summary Judgment on the Second Amended Complaint	125
The Entire "Defendant's Memorandum of Points and Authorities in Support of Its Motion for Summary Judgment," served and filed on October 25, 1963	126
Affidavit of Norvin G. Maloney, Jr., in "Opposition to Defendant's Motion for Summary Judgment," dated December 5, 1963	131



	Page
Order of the Court Granting Defendant's Motion for Summary Judgment and Dismissing the Second Amended Complaint, Entered December 10, 1963	135
Plaintiff's Motion for Rehearing, Etc.	136
Defendant's Opposition to Plaintiff's Motion for Rehearing of Defendant's Motion for Summary Judgment, served and filed on January 2, 1964	139
Order of Court Denying Motion for Rehearing, Etc., Entered January 3, 1964	143
Notice of Appeal	144
Appeal Bond	145



## United States District Court for the District of Columbia

FD-1-1K-4-18-62-4M-2404

PARTIES		ATTORNEYS		NUMBER
NORVIN G. MALONEY, JR.		King David 1916 11th St., N. W.		3699-62
V.		P.P. 2325 Penna. Ave., Wilmington 5, De.		DAMAGES
E.I. DUPONT DE NEMOURS & C), INC.		Henry Lincoln Johnson, Jr. 626 3rd St., N.W.		TAXED COSTS
		Edward J. Grenier, Jr. James C. McKay		Atty.
		John W. Douglas 701 Union Trust Bldg.		Marshal Clerk Witnesses Depositions Examiner
		Jury demand <input checked="" type="checkbox"/> Report Judgt. <input type="checkbox"/>		Ct. Appeals TOTAL

DATE	ACCOUNT	RECD	DISCD	DATE	ACCOUNT	RECD	DISCD
1962							
Nov 27	Maloney	10 00					
Nov 27	U.S. Treas.		10 00				
1964							
Jan. 17	Johnson	5 00					
Jan 17	U.S. Treas.		5 00				
Feb 19	Maloney	1 55					
Feb 19	U.S. Treas.		1 55				



CASE CLOSED

## CIVIL DOCKET

## United States District Court for the District of Columbia

DATE		PROCEEDINGS 3699-62		Fees	TOTAL
1962		Deposit for cost by			
Nov. 27		Complaint, appearance, exhibits; exhibit A & B	filed		
Nov. 27		Summons copies (1) and copies (1) of Complaint issued ser. 11-29.			
Dec. 17		Motion of deft to strike or dismiss complaint; c/m 12-17-62; P & A; appearance of James C. McKay & John W. Douglas.	filed		
Dec. 24		Reply of plttf. to motion to strike or dismiss. c/m 12-24-62.	filed		
1963					
Jan 15		Order dismissing complaint without prejudice & granting plttf leave to file complaint conforming with Federal Rules of Civil Procedure. (N)			
Feb. 15		Amended complaint; jury demand; c/m 2-15-63; app. King David.	Jones, J. filed		
Feb. 28		Motion of deft to dismiss; P & A; c/m 2-28-63; MC 2-28-63.	filed		
Mar. 14		Opposition of plttf to motion to dismiss; P & A; c/m 3-14-63.	filed		
Mar. 29		Points & authorities of deft. in reply to opposition of plttf to motion to dismiss; c/s 3-29-63.	filed		
Mar. 29		Appearance of Edward J. Grenier, Jr as atty for deft.	filed		
Apr. 3		Motion to dismiss argued & submitted (Rep E.A. Kaufman)	Youngdahl, J.		
Apr. 4		Memorandum & order denying motion to dismiss; plttf to have 2 weeks to file amended complaint. (N)	Youngdahl, J.		
Apr. 4		Transcript of proceedings April 3, 1963, pages 1-13.	filed		
Apr. 18		Second amended complaint; c/m 4-18-63; exhibit C.	filed		
May 1		Answer of deft to second amended complaint; c/m 5-1-63.	filed		
May 1		Calendared (N) (N/AC)			
July 9		Notice of deft to take deposition of plttf; c/m 7-9-63.	filed		
July 15		Motion of plttf for protective order; c/m 7-15-63; P & A; M.C. 7-15-63.	filed		
July 17		Opposition of deft to plttf's motion for protective order; P & A; c/m 7-7-63.	filed		
July 25		Motion of plttf for summary judgment with respect to Count three of 2nd amended complaint; c/m 7-25-63; Statement of Material Facts; P & A; affidavit; M.C. 7-25-63.	filed		
Aug. 7		Opposition of deft to plttf's motion for summary judgment; affidavit; c/m 8-7-63.	filed		
Aug. 27		Affidavit of G. E. Daniels in opposition to plttf's motion for summary judgment; c/m 8-27-63.	filed		
Sept. 6		Deposition of plttf 7-24-63 (\$234.30 charge to deft)	filed		
Sept. 17		Statement by deft of genuine issues; c/m 9-17-63.	filed		



## CIVIL DOCKET

## United States District Court for the District of Columbia

1

Supplemental Page No.

C. A. No. 3699-62

vs. E.I. DUPONT DE NEMOURS

MALONEY

DATE	PROCEEDINGS	FEES	TOTAL
1963			
Sept.	19 Counter-affidavit of pltf; supplemental Memo in support of motion for summary judgment; Exhibit "D 1"; c/m 9-19-63. filed		
Sept.	25 Withdrawal of motion for protective order by pltf. filed		
Sept.	25 Order denying plf's motion for summary judgment as to Count Three of Second Amended Complaint. (N) Holtzoff, J.		
Oct.	4 Called. Asst. Pretrial Examiner		
Oct.	4 Certificate of readiness per all counsel. (AC/N). filed		
Oct.	14 Transcript of proceedings of Sept. 25, 1963; Vol I, pp. 1-17; Rep.- Gerald Nevitt (Court's copy). filed		
Oct.	21 Motion of pltf to make certain insertion in order denying summary judgment; c/m 10-21-63; P&A; M.C. 10-21-63. (flat) Jones, J.		
Oct.	25 Memorandum of P&A of deft in opposition to motion to make insertion in order; c/m 10-25-63. filed		
Oct.	25 Motion of deft for summary judgment; P&A; statement of material fact; c/m 10-25-63; MC 10-25-63. filed		
Nov.	4 Order denying motion to make certain insertion in order denying summary judgment. (N) Holtzoff, J.		
Nov.	16 Appearance of Henry Lincoln Johnson, Jr. as attorney for pltf; c/s. filed		
Nov.	16 Opposition of pltf to motion for summary judgment; c/m 11-16-63. filed		
Nov.	21 Reply of deft to opposition to motion for summary judgment; c/m 11-21-63; Exhibit filed		
Dec.	6 Motion of pltf to dismiss King David as attorney for pltf; c/m 12-6-63; Exhibits Nos. (a), b, c, d; M.C. 12-6-63. Jones, J.		
Dec.	9 Supplemental Memorandum of pltf in opposition to motion of deft for summary judgment; c/m 12-8-63. filed		
Dec.	9 Affidavit of N. G. Maloney, Jr; c/m 12-6-63. filed		
Dec.	18 Order granting motion of deft for summary judgment. (N) Holtzoff, J.		
Dec.	20 Transcript of proceedings of Dec. 9, 1963; Vol I, pp. 1-12; Reporter Gerald Nevitt. (Court's Copy) Filed		
Dec.	28 Notice-by-defts-to-take-deposition-of-Philip-Smith; e/m 12-27-63--error --filed--error		
Dec	28 Motion of pltf for a rehearing or reconsideration, or, in the alternative, that said motion for summary judgment and relief thereon be granted; c/m 12-28-63; M.C. filed		
	(SEE NEXT PAGE)		



## United States District Court for the District of Columbia

Supplemental Page No. ....2..

[illegible]



Filed Feb. 15, 1963

AMENDED COMPLAINT FOR DECLARATORY JUDGMENT  
TO ESTABLISH OWNERSHIP OF INVENTIONS AND LETTERS PATENT,  
FOR UNJUST ENRICHMENT AND OTHER RELIEF

---

Comes now the plaintiff, Norvin G. Maloney, Jr., by his Attorney, King David, Esq., pursuant to the order of this Court in the above entitled cause, entered on the 15th day of January, 1963, and files this his amended complaint as follows:

COUNT - ONE

1. The jurisdiction of the Court is evoked by virtue of the provisions of 28 U.S.C., Sections 1338 (a) and 2201, and also under Title 11, Section 306, D. C. Code, 1961 Edition, as amended by the Act of Congress dated October 23, 1962, 76 Stat. 1171, and that the amount in controversy exceeds \$10,000.00, exclusive of costs.

2. Plaintiff alleges that upon information and belief, at all times hereinafter mentioned the defendant, E. I. DuPont de Nemours & Co., Inc., was and still is a corporation organized and existing, under and by virtue of the laws of the State of Delaware, and is authorized to, and is doing business in the District of Columbia.

3. That this plaintiff is a citizen of the United States and a resident of the State of Delaware, and seeks "Equal Justice under Law" in this Forum because of his inability to obtain the services of Counsel of the Delaware Bar to prosecute his suit herein.



4. Plaintiff avers upon information and belief that the defendant was and still is engaged in the manufacture or production of chemicals and mechanical mixtures, and of products in, or in connection with methods, processes and formulae.

5. Plaintiff says that in the fall of 1945, he was employed as an application engineer at the General Motors plant, Linden, New Jersey, and with the termination of War Contracts imminent, officials of the defendant corporation requested an opportunity for employment interviews through management through management line organization.

6. That as a result of said interview plaintiff and defendant entered into a written contract of employment on the 5th day of November 1945, providing that the plaintiff be continuously employed by the defendant at an annual salary to be agreed upon by the parties, which said salary once agreed upon was to be payable monthly. That said contract further provide (sic) that the duration of plaintiff's employment was permanent unless terminated by mutual agreement. That in consideration of the foregoing plaintiff obligated himself to devote his entire time and best effort to such duties as may be assigned to him, and to faithfully and diligently serve and endeavor to further the interest of the defendant. That a copy of said contract appears in plaintiff's original exhibit, and is adopted herein as plaintiff's exhibit "A(2)", by reference. That in consequence of said employment contract plaintiff began work as a Development Engineer, then transferred to Research Engineer and then was promoted to Research Project Engineer, and was assigned to work on various



projects of defendant. That plaintiff devoted his best skill and talent to all work, assignments, and showed a remarkable achievement record during his first six years of employment under said employment contract.

7. That during the first six years of plaintiff's employment as aforesaid, plaintiff while performing various duties for the defendant, invented an improved apparatus for weight classification, particularly apparatus for the weight classification of a succession of articles moving at relatively high speeds. That during the period transpiring between said invention and December 1, 1953, plaintiff was required to sign another employment contract with defendant corporation. That said contract was executed between the parties on January 9, 1952, copy of which is embraced in plaintiff's original exhibit "A" filed in this cause heretofore, and is adopted herein by reference, as plaintiff's exhibit "A(3).

That thereafter defendant corporation, E. I. DuPont de Nemours, obtained letters patent on plaintiff's said invention on December 1, 1953, same being patent number 2,661,091. That as a result of said invention plaintiff received a promotion to the position of "Research Project Engineer", and was assured through his second contract of employment that his employment could not be disturbed without mutual consent.

8. That thereafter plaintiff continued to explore his creative skill and talent in the employ of the defendant, and as a result thereof he invented a device for the production and handling of filamentary structures, and more particularly to the detection of broken filaments and like defects in running yarn



lines.

That thereupon plaintiff submitted his report and recommendation to defendant corporation, requesting that application be made for letters patent on said invention. That plaintiff's recommendation was approved by defendant corporation, and in consequence thereof, application for letters patent, was filed October 13, 1958, and letters patent was issued to defendant corporation, as No. 3,013,429, by the United States Patent Office on December 19, 1961. That said letters patent bear the following description: "BROKEN FILAMENT DETECTOR, NORVIN G. MALONEY, JR., WILMINGTON, DEL. assigned to E. I. DuPont de Nemours & Company, Wilmington, Del., a corporation of Delaware." that said patent was issued fully 11 months after defendant's abandonment of said contract and termination of plaintiff's services.

9. That thereafter on August 29, 1960, plaintiff completed his invention and Reduction of Pneumatic Spinning and drawing of yarn textile fibers. That said invention is described in suggestion number "WIL 6-10116, submitted November 23, 1956 and documented in Carothers Research Laboratory Note book number 2739 page 30, dated November 29, 1956. That thereupon plaintiff recommended application for letters patent be filed, but, defendant corporation rejected plaintiff's recommendation, and accordingly notified plaintiff of its rejection on November 29, 1960.

10. That notwithstanding the efficient, loyal, creative and constructive services rendered defendant corporation continuously for more than 15 years, plaintiff was summarily separated from defendant's service, by a



letter dated January 13, 1961, effective January 13, 1961. That XEROX copy of said letter is attached to plaintiff's original exhibit "A" filed herein heretofore, and is adopted herein by reference as plaintiff's exhibit "A(1)".

11. Plaintiff further alleges that he has faithfully and fully performed and discharged all of the duties and obligations on his part to be performed, arising out of his contracts and agreements with the defendant corporation.

12. That the defendant corporation has failed to comply with the provisions of aforementioned contracts and agreements, has failed to compensate plaintiff for its use and processing of plaintiff's said inventions, has failed to provide plaintiff with continued employment, has excluded plaintiff from all benefits accruing from the use and processing of said invention and has willfully and deliberately breached plaintiff's contracts of employment, for the purpose of confiscating all of plaintiff's rights, in and to said patents.

13. That since December 1, 1953, and December 19, 1961, down to the present time, and is continuing and will continue, defendant corporation has made and used countless numbers of devices reflected by patent numbers 2,661,091, and 3,013,429, and has found said inventions to be practical and has used same in pursuance of its business. All of which has enhanced the profits of the defendant corporation in the sum of \$10,000,000.

14. Plaintiff further alleges that in the course of his employment he devised, (sic) developed and invented a Pneumatic Processing and Hydrolic (sic) Packaging of Continuous Filament Synthetic Yarn described in patent file as No. RD-707-of the textile fibers department of the defendant corporation. And on



more than three occasions (sic) he offered defendant corporation a process as an improvement in speed of production or cost and quality of yarn. That each of said offers was denied and rejected. That notwithstanding the denial and rejection by the defendant, the plaintiff, as an inventor is informed that he is obligated not to reveal his said inventions to any competitors of defendant corporation. Plaintiff has been threatened with legal action by defendant to assign title to said pneumatic invention to the defendant, and to relinquish all rights and benefits accruing therefrom. And the plaintiff says that the said threatened actions of the defendant as aforesaid is an attempt to deny to the plaintiff his constitutional and statutory rights of Freedom of Contract, Speech and the right to work. And Plaintiff alleges that the foregoing invention is valued at more than \$10,000,000.00. Plaintiff further alleges that defendant insists that he abandoned all rights to the said invention and not to make any improvements thereon.

15. That there is an actual controversy between plaintiff and defendant as to plaintiff's ownership of the inventions and letters patent hereinbefore mentioned. Wherefore, the premises considered, plaintiff prays as follows:

1. That the plaintiff be adjudged and declared to be the sole owner of letters patent number 2,661,091 and 3,013,429.
2. That judgment be entered directing and compelling defendant to assign, transfer and convey to plaintiff all its rights, title and interest in and to the aforesaid inventions and letters patent.
3. That judgement (sic) be entered requiring and directing



the defendant to account and pay over to plaintiff all moneys received by it in connection with or arising out (of) the said inventions and letters patent.

4. That plaintiff's exhibits "A" and "B", attached to the original complaint be made a part of the amended complaint by reference.

5. That judgment be entered restraining and joining defendant from: interfering with plaintiff's exercise of his ownership and improvement of said invention described in patent file as No. "RD-707" of the textile, and from filing application for letters patent on said invention.

6. And for such other and further relief as to the Court may seem just and proper.

/s/ Norvin G. Maloney, Jr.

---

Filed Feb. 20, 1963

MOTION TO DISMISS COMPLAINT

The defendant, through its attorneys, hereby moves pursuant to Rule 12 (b)(6) of the Federal Rules of Civil Procedure to dismiss the amended complaint filed herein for the reason that said amended complaint fails to state a claim upon which relief can be granted.

In support of its motion, defendant respectfully refers the Court to the amended complaint and exhibits filed by plaintiff and defendant's memorandum of points and authorities attached hereto.

/s/ James C. McKay  
701 Union Trust Building  
Washington 5, D. C.

Attorney for Defendant



Filed Apr. 4, 1963

MEMORANDUM AND ORDER

After consideration of the memoranda and oral argument of both parties, the Court has reached the conclusion that defendant's motion to dismiss for failure to state a claim upon which relief can be granted should be denied.

Construing the pleadings in a way most favorable to the plaintiff, as this Court is required to do for the purposes of this motion, it appears to the Court that it would be premature to dismiss the plaintiff's complaint without knowing the full factual context of the disputed contractual provisions. It therefore appears to the Court that the legal issues raised by the disputed contractual provisions should not be decided until trial.

The disputed legal issue concerns the possible relation between  
1/  
paragraph "Fifth" of the contract entered into on November 5, 1945, covering the period of employment, and the paragraphs in that contract and in the supplemental agreement of January 9, 1952 relating to rights to patents. Specifically, assuming that the plaintiff can establish his allegations that paragraph "Fifth" is a provision for permanent employment unless terminated by mutual agreement, and that he was wrongfully discharged by the defendant, the issue

---

1. "FIFTH: That said Employer shall employ said Employee, or continue his employment (as the case may be), at a wage or salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said Employer and said Employee."



would then arise whether the paragraphs covering the rights to patents were tied in with the paragraph covering length of employment in a way which would make them each mutual consideration for the other. <sup>2/</sup> The Court indicated at the oral argument that it believed that the defendant had a clear right to the patents under the wording of the patent provisions, if the plaintiff were retained in the defendant's employ, but it now appears to the Court that these patent provisions may be tied to the paragraph covering length of employment, even though the patent provisions specify that they "shall continue beyond the termination of the period of employment \* \* \*." It is certainly possible that the intention of the parties at the time of signing the contract was that those words would be construed to mean "shall continue beyond the (mutual) termination of the period of employment \* \* \*." It therefore appears to the Court that the legal issues of whether these two sets of provisions are dependent upon each other, and whether, if they are, the plaintiff might have a right at least to the patents and inventions which he alleges the defendant is not using

---

2. The defendant has cited to the Court the case of Patent & Licensing Corp. v. Olsen, 108 F.2d 522 (2d Cir. 1951). This case is the only one cited by either party which involves the relationship between contractual provisions dealing with patent rights, and contractual provisions dealing with the period of employment. In that case, however, the contract specifically gave the employer the right to terminate the Agreement "at any time" following the expiration of one year, by giving 90 days prior written notice, and gave the employee the right to terminate "of his own accord and volition." 108 F.2d at 524-5. The only wrong on the part of the employer was that it failed to give the 90 days notice, which wrong the court held could be adequately compensated by damages, rather than by a relinquishment of patent rights. Thus that case is not persuasive authority on the present motion, because entirely different contractual provisions are involved in the case now before the Court.



and has rejected, should be determined only in the full factual context which would be brought out at trial.

Furthermore, as the Court indicated at oral argument, the Court will grant the plaintiff the right to amend his complaint so as to include a count for reinstatement and damages caused by alleged wrongful discharge. If in the meantime the defendant were to take the plaintiff back into its employ, or if such reinstatement were ordered after the trial, then the issue as to the patent rights would disappear.

Therefore, it is by the Court this 4th day of April, 1963,

ORDERED That the defendant's motion to dismiss be and the same is hereby denied, and it is further

ORDERED That the plaintiff shall have two weeks within which he may file an amended complaint which would include a count for reinstatement and damages caused by an alleged wrongful discharge.

/s/ Luther W. Youngdahl  
Judge

---

Filed Apr. 12, 1963

SECOND AMENDED COMPLAINT FOR DECLARATORY JUDGMENT  
TO ESTABLISH OWNERSHIP OF INVENTIONS AND LETTERS PATENT,  
FOR UNJUST ENRICHMENT, FOR REINSTATEMENT AND FOR DAMAGES  
CAUSED BY WRONGFUL DISCHARGE, AND FOR OTHER RELIEF

Comes now the plaintiff, Norvin G. Maloney, Jr., by and through his Attorney, King David, pursuant to the order of this Court in the above en-



titled cause, entered on the 4th day of April, 1963 and files this his second amended complaint as follows:

COUNT - ONE

1. The jurisdiction of the Court is evoked by virtue of the provisions of 28 U. S. C., Section 1333(a) and 2201, and also under Title 11, Section 306, E. C. Code, 1961 Edition, as amended by the Act of Congress dated October 23, 1962, 76 Stat. 1171, and that amount in controversy exceeds \$10, 000.00, exclusive of costs.

2. Plaintiff alleges that upon information and belief, at all times hereinafter mentioned the defendant, E. I. DuPont de Nemours & Co., Inc., was and still is a corporation organized and existing, under and by virtue of the laws of the State of Delaware, (sic) and is authorized to, and is doing business in the District of Columbia.

3. That this plaintiff is a citizen of the United States and a resident of the State of Delaware, (sic) and seeks "Equal Justice Under Law" in this Forum because of his inability to obtain the services of Counsel of the Delaware (sic) Bar to prosecute his suit herein, and for other reasons.

4. Plaintiff avers upon information and belief that the defendant was and still is engaged in the manufacture or production of chemicals and mechanical mixtures, and of products in , or in connection with methods, processes and formulae.

5. Plaintiff alleges that in the fall of 1945, he was gainfully employed as an application engineer with General Motors, Inc., and assigned to the plant



of General Motors, at Linden, New Jersey, and while thus employed, officials of defendant corporation requested an opportunity for employment interview with plaintiff through management line organization.

6. That as a result of the said request of defendant corporation for said employment interview with plaintiff he was invited by the officials of defendant corporation for a conference at defendant's Delaware plant. That thereupon plaintiff was induced to enter the employ of defendant corporation. That thereafter, and on the 5th day of November 1945, plaintiff and defendant entered into a written contract of employment, a photostat copy of which is attached to the "amended complaint" as plaintiff's exhibit "A(2)", and is made a part hereof by reference. That said contract provided for the continuous employment of the plaintiff by the defendant, at a salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said employer and said employee. That in consideration (sic) thereof (sic) plaintiff obligated himself to devote his entire time and best effort to such duties as may be assigned to him, and faithfully and diligently serve and endeavor to further the interest of the defendant.

That in consequence of said permanent employment contract, plaintiff entered upon his duties as a development research engineer for defendant corporation, was thereafter transferred to research engineer, (sic) and because of his susceptibility of scientific ideas and faculties for development, he was promoted to Research Project Engineer, and thereupon assigned to work on various projects of defendant corporation. That in respect to the foregoing



assignments, he devoted his best skill and talent in furtherance of defendant's business, and amassed an enviable achievement Record during his first six years of employment under the aforesaid permanent employment contract. That included among said achievement Record was the invention of an improved apparatus (sic) for weight classification, particularly apparatus for the weight classification of a succession of articles moving at relatively high speeds.

7. That as a result of the aforesaid invention and as a reward for the scientific knowledge and inventive faculties displayed, utilized and applied by the plaintiff as aforesaid, the defendant corporation offered plaintiff a new permanent employment contract which was executed (sic) by the parties on January 9, 1952, a photostat copy thereof is attached to the "amended complaint" as plaintiff's exhibit "A(3)", and is made part by reference. That paragraph "fifth" of said contract provides, inter alia, that the employer shall continue the employment of the plaintiff at a salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to the defendant and to the plaintiff.

Plaintiff further alleges that shortly after the execution of said employment contract dated January 9, 1952, defendant corporation and he orally agreed that he would receive the annual salary for the year 1952 of \$9,849.33 and that said salary would be payable monthly and graduate each succeeding year thereafter. That his employment was permanent and that he would be further rewarded for his devoted services by periodic payments of bonuses. Plaintiff alleges that he assigned his patent rights to his inventions on the sole



condition (sic) of permanent employment, yearly increase in salary and the bonus payments, and that these factors were well understood by defendant corporation at the time of the oral agreement aforesaid.

Plaintiff further alleges that he was assured by officials of defendant corporation, at the time, that the provision of the "fifth" clause of said employment contract protected his permanent employment in that there could be no termination without mutual consent.

3. That thereafter plaintiff continued to explore his creative skill and talent in the employ of the defendant, and as a result thereof he invented a device for the production and handling of filamentary structures, and more particularly to the detection of broken filaments and like defects in running yarn lines.

That thereupon plaintiff submitted his report and recommendation to defendant corporation, requesting that application be made for letters patent on said invention, That plaintiff's recommendation was approved by defendant corporation, and in consequence thereof, application of letters patent, was filed October 12, 1958, and letters patent was issued to defendant corporation, as No. 3, 013, 429, by the United States Patent office on December 19, 1961. That said letters patent bear the following description: BROKEN FILAMENT DETECTOR, NORVIN C. MALONEY, JR., WILMINGTON, DELAWARE assigned to E. I. DuPont de Nemours & Co., Wilmington, Delaware, a corporation of Delaware. That said patent was issued fully 11 months after defendant's abandonment of said contract and termination of plaintiff's service.



9. That thereafter on August 29, 1960, plaintiff completed his invention and Reduction of Pneumatic Spinning and Drawing of yarn textile fibers. That said invention is described in suggestion number "Fil 6-10116, submitted November 23, 1956 and documented in Caruthers Research Laboratory Note Book number 2739 page 30, dated November 29, 1956. That thereupon plaintiff recommended application for letters patent be filed, but, defendant corporation rejected plaintiff's recommendation and accordingly notified plaintiff of its rejection on November 29, 1960. That a summary of plaintiff's achievement record, during his more than 15 years in the employ of defendant, is attached hereto as plaintiff's exhibit "C" and is made a part hereof by reference.

10. That notwithstanding the efficient, loyal, creative and constructive services rendered defendant corporation continuously (sic) for more than 15 years, and the provisions of the "fifth" paragraph of the said contracts of employment, plaintiff was summarily separated from defendant's services, by a letter dated January 13, 1961, effective January 13, 1961. That a photostat copy of said letter is (sic) attached to the "amended complaint" plaintiff's exhibit "A(1)", and is made a part hereof by reference.

11. Plaintiff further alleges that he has faithfully and fully performed, and discharged all of the duties and obligations on his part to be performed, arising out of his contracts and agreements with the defendant corporation.

12. That the defendant corporation has failed to comply with the provisions of the aforementioned contracts and agreements, has failed to compensate plaintiff for the use of his said inventions, has failed to provide plaintiff



with continued employment, has excluded plaintiff from all benefits accruing (sic) from the use of said inventions and has wilfully and deliberately breached and abandoned plaintiff's contracts of employment, for the purpose of confiscating all of plaintiff's rights, in and to said patents and inventions.

13. That since December 1, 1953, and December 19, 1961, down to the present time, and continuing and will continue, defendant corporation has made and used countless numbers of devices reflected by patent numbers 2,661,091, and 3,033,429, and has found said inventions to be practical (sic) and has used same in pursuance of its business. All of which has enhanced the profits of the defendant corporation in the sum of \$10,000,000.

14. Plaintiff further alleges that in the course of his employment he devised, developed and invented a Pneumatic Processing and Hydraulic (sic) Packaging of Continuous (sic) Filament of Synthetic Yarn described in patent file as No. 31-707 of the textile fibers department of the defendant corporation. And more than three occasions (sic) he offered defendant corporation a process as an improvement in speed of production or costs and quality of yarn. That each of said offers was denied and rejected. That notwithstanding the denial and rejection by the defendant the plaintiff, as an inventor is informed that he is obligated not to reveal his said inventions to any competitors of defendant corporation. Plaintiff has been threatened with legal action by defendant to assign title to said pneumatic invention to the defendant, and to relinquish all rights and benefits accruing (sic) therefrom. And the plaintiff says that the said threatened actions of the defendant as aforesaid is an attempt to deny to



the plaintiff his constitutional and statutory rights of Freedom of Contract, Speech and the Right to work. And plaintiff alleges that the foregoing invention is valued at more than \$10,000,000.00. Plaintiff further alleges that defendant insists that he abandoned all rights to the said inventions and not to make any improvements thereon.

15. Plaintiff alleges that where the assignment (sic) of patent rights is dependent on continued employment of the employee, and the latter has been wrongfully discharged by the employer, there is an actual controversy between plaintiff and defendant as to the application of the "Shop Right" doctrine, and Secondly, as to the extent of defendant;s (sic) liability for its exclusive exercise of use and ownership of said patents.

WHEREFORE, the premises considered, plaintiff prays as follows:

1. That the plaintiff be adjudge (sic) and declared to be the sole owner of letters patent numbers 2,661,091 and 3,013,429, subject, only, to a shop right of the defendant.

2. That judgement (sic) be entered directing and compelling defendant to assign, transfer and convey to plaintiff all its rights, title and interest in and to the aforesaid inventions and letters patent, with a shop right allowed to the defendant.

3. That judgment be entered requiring and directing the defendant to account and pay over to plaintiff all monies recieved (sic) by it in connection with or arising out (of) the said inventions and letters patent; exclusive of shop rights.



4. That plaintiff's exhibits "A" and "B", attached to the original complaint be made a part of the second amended complaint be made a part hereof by reference.

5. That judgment be entered restraining and enjoining the defendant from: interfering with plaintiff;s (sic) exercise of his ownership and improvement of said invention described in patent file as No. RE-707 of the textile fiber department of the defendant and from filing application for letters patent on said invention.

6. And for such other and further relief as to the Court may seem just and proper.

/s/ Norvin G. Maloney, Jr.

COUNT TWO

Plaintiff, Norvin G. Maloney, Jr., further sues defendant, E. I. Dupont de Nemours & Co., Inc., for unjust enrichment under a "Quasi", or implied contract, and for second cause of action alleges as follows:

16. Plaintiff adopts by reference all of the material and pertinent allegations appearing in Count One above.

17. Plaintiff alleges that he was gainfully employed as an Application Engineer with General Motors Corporation, when C. E. Daniels and C. R. Johnson, high officials of defendant corporation offered plaintiff an opportunity to and induced him to join the defendant corporation as a Research and Development Engineer.

18. That during the more than 15 years which followed plaintiff's en-



gagement with the defendant corporation, which engagement began on November 5, 1945, plaintiff faithfully and fully devoted his time, energy, skill and creative genius to all assignments tendered him by defendant corporation. Plaintiff applied himself to his work with diligence, efficiency and effectiveness in furtherance of the productive work of defendant corporation.

He designed, he developed, he created and he invented. This work for defendant corporation resulted in letters patent Numbered 2,661,091 and 3,013,429 being issued him by the Government of the United States.

That each of the foregoing patented inventions has resulted in a saving to defendant corporation of ten cents per pound in production cost of packaged materials, and defendant corporation is processing and selling hundreds of millions of pounds of materials with savings arising out of the use of said inventions of plaintiff.

That defendant corporation has benefited from plaintiff's said inventions and other improvements to the extent of over \$25,000,000.00 accruing from sales of materials processed thereby.

19. Plaintiff avers upon information and belief that the defendant corporation, at various times, collected and received various sums of money from divers corporations firms and persons, as Royalties or license Fees in connection with and arising out of said letters patent, which said money in equity and good conscience belongs to the plaintiff, and the defendant corporation holds the same in trust for the plaintiff as a matter of law.

20. And the plaintiff says that during his more than 15 years in the



employ of defendant, he has recieved (sic) only the aggregate sum of \$151, 153.37. That during said period the defendant's profits from plaintiff's said inventions and letters patent and other improvements is in excess of \$25, 000, 000.00.

21. Plaintiff further informs the Court, and alleges that in addition to the foregoing profit of the defendant, the latter has the exclusive use and title to plaintiff's inventions and the letters patent issued in pursuance thereof. That not only does the defendant enjoy the foregoing, but, it has wrongfully and unlawfully discharged the plaintiff, without cause and in an arbitrary and capricious manner. That notwithstanding the provision of the said contracts of employment which provide for termination of service only on mutuality of agreement, the defendant notified plaintiff on January 13, 1961, that his services were terminated on January 13, 1961.

And plaintiff says that since his annual salary averaged \$10, 000.00, That he was entitled to know the charges that impelled his discharge and to have been given a reasonable opportunity to have met such charges. And that in the absence of same he is entitled in equity and good conscience to continue on defendant's payroll until such time as his employment is legally terminated.

22. Plaintiff alleges that not only has the defendant breached the contract in so far as defendant's obligations and responsibilities to plaintiff are concerned, but, at the same time it seeks to indenture and enslave the creative productivity of the plaintiff, in that the defendant, by letter dated February 2, 1962, informed the plaintiff that all of the covenants proscribing plaintiff's activities after termination would be enforced against the plaintiff by defendant.



That is to say that the defendant has considered the contracts of employment to be unilateral in operation, and without any bilateral effect.

WHEREFORE, and by reason of the foregoing, plaintiff says that the defendant corporation has been unjustly enriched at the expense of the plaintiff to the extent of \$25,000,000.00 and in equity and good conscience it is holding this sum in trust for plaintiff as trustee.

WHEREFORE, plaintiff demands judgement (sic) against the defendant as follows:

1. For \$25,000,000.00 for unjust enrichment at the expense of the plaintiff.
2. And for such other and further relief as to the Court may seem just and equitable.

/s/ Norvin G. Maloney, Jr.

COUNT - THREE

Plaintiff, Norvin G. Maloney, Jr., further sues, E. I. DuPont de Nemours and Company, Inc., for reinstatement (sic) and damages caused by wrongful discharge and for third cause of action alleges as follows:

23. Plaintiff adopts by reference herein all of the material and pertinent allegations in counts one and two above.

24. Plaintiff alleges that heretofor and on or about the 5th day of November, 1945 and January 9, 1952 the defendant for valuable considerations entered into contracts of employment with the plaintiff true copies of which are adopted herein as plaintiff's exhibits "A(2)" and "A(3)", by reference. That in



and by said contracts of employment plaintiff was employed permanently by the defendant corporation, at salaries mutually agreeable to the parties.

That in consequence of the said contracts of employment the plaintiff performed services for the defendant corporation as a Development Engineer, Research Engineer and Research Project Engineer, continuously (sic) for more than 15 years.

25. That during the said 15 years, the plaintiff faithfully and diligently devoted his creative efforts to his various assignments in the employ of defendant corporation, and as a result thereof effectuated the following inventions; among others;

"a" An improved apparatus for weight classification, particuly (sic) appartus (sic) for the weight classification of a sucession (sic) of articles moving at relatively high speeds. Letters patent were issued thereon to defendant, as assignee, on December 1, 1953.

"(E) A device for the production and handling of filamentary structures, and more particularly to the detection of broken Filaments and like defects in running yarn lines. Letters patent were issued thereon to defendant, as assignee, on December 19, 1961.

"(c)" A pneumatic processing and hydrolytic packaging of continuous filament synthetic yarns. No letters patent have been sought by defendant on said invention and plaintiff is denied the right to clear title to his invention.

26. Plaintiff further alleges that notwithstanding his achievement record as aforesaid the defendant on the 13th day of January 1961, wrongfully



and unlawfully discharged the plaintiff from its employment and abandoned the aforesaid contracts of employment.

That at all times subsequent to said discharge and abandonment of the aforesaid employment contracts, the plaintiff has held himself in readiness to resume his employment and duties under said employment contracts.

That plaintiff has been unable to obtain employment elsewhere because prospective (sic) employers are loth to engage plaintiff because of the possibility of said prospective employers becoming involved in litigation with the defendant here.

27. Plaintiff alleges that by reason of the foregoing together with the said wrongful discharge and abandonment by the defendant that he is entitled to damages for having been wrongfully discharged by defendant; and for damages occasioned (sic) by inactivity, eg. for having become less mentally acute by virtue of not being in touch with his normal pursuits; and for having been caused embarrassment (sic) and ridicule because of his having been wrongfully discharged by defendant and for the loss of status in his chosen field of endeavor.

28. Plaintiff alleges that as a result of the wrongful discharge as aforesaid he has been deprived of his annual salary of \$12,000.00, has been denied the right to ply his profession as an inventor in areas of previous experience, has been prevented by defendant from securing employment with other firms engaged in competition (sic) with defendant and has been denied his bonus awards, and has been denied the use of or title to the aforesaid letters patent and invention.



WHEREFORE, plaintiff demands judgment as follows:

1. That defendant be adjudged to have breached and abandoned the said contracts of employment.

1.(a) That defendant be ordered and compelled to render an accounting to and pay to plaintiff all monies recieved (sic) by defendant by virtue of defendant's use of any and all inventions, processes, ideas created or envolved (sic) by plaintiff during the period in which plaintiff has been without employment because of the unilateral action of defendant in wrongfully discharging (sic) plaintiff.

2. That plaintiff be compensated for loss of salary, loss of the right to invent and other losses sustained by plaintiff during the period of his wrongful discharge, and prospectively.

3. That plaintiff have judgment against the defendant requiring and compelling the defendant to assign, transfer and convey to plaintiff all its rights, title and interest in and to the aforesaid inventions and letters patent.

4. That plaintiff be adjudged and declared to be the sole owner of letters patent under No. 2,661,094 and No. 3,013,429, together with his other inventions, and that plaintiff be adjudged to have the right to work and use any knowledge he may possess.

5. That plaintiff have judgment against defendant in the sum of \$25,000,000.00 for damages arising out of said wrongful discharge and abandonment of contracts of employment, together with defendant's exclusive use of plaintiff's inventions.

6. And for such other and further relief as to the Court may seem



just and proper.

/s/ Norvin G. Maloney, Jr.

(JURAT the \_\_\_\_\_ day of April, 1963)

JURY DEMAND

Plaintiff demands trial by Jury on all issues in second amended complaint trialable (sic) by Jury.

/s/ King David  
Attorney for Plaintiff

KING DAVID  
1916 -11th Street, N. W.  
Washington, D. C.  
Columbia 5-4410

(Certificate of Service)

Flyleaf to Exhibits

EXHIBITS

ALL PAPERS ARE ZEROX COPIES ON RAG E ONE

Exhibit A. a 24 page letter plus enclosure of original copies (ditto, verifax, etc.) of pertinent records of employment and invention, was mailed at the 34th St. Post Office in Philadelphia, Pa. before noon on January 12, 1962. The letter containing original copies of records that could be spared without giving up last remaining copies in the plaintiff's possession, was addressed to,

Crawford H. Greenwalt, President



E. I. DUPONT de Nemours & Co., Inc.

Wilmington 98, Delaware

by registered mail, return receipt requested, deliver to addressee only. The return receipt is signed with the signature of the addressee and is post marked Wilmington, Del. Jan. 15, 2:30 PM, 1962. Registered no. 166020.

A file copy of exhibit A was mailed at the same time, Jan. 12, 1962, to,

Robert F. Kennedy

Attorney General of USA.

Washington, D. C.

requesting preservation of the file copy as evidence.

EXHIBIT "A-1"

EN-1028



E. I. DU PONT DE NEMOURS & COMPANY  
INCORPORATED  
WILMINGTON 98, DELAWARE

ENGINEERING DEPARTMENT

January 13, 1961

PERSONAL

Mr. Norvin G. Maloney  
Wilmington, Delaware

Dear Mr. Maloney:

Confirming Mr. L. R. Crittendon's discussion with you, we regret to advise that we will not have need for your services after January 13, 1961. You will receive one month's salary in lieu of notice. In addition, you will receive a salary allowance in lieu of the three weeks vacation for which you are eligible.



The Pension and Retirement Plan includes a provision whereby an employee leaving the Du Pont Company after at least 15 years of continuous service takes with him a right to a future pension, with payments to start at age 65, or at age 60, if he has at least 30 years of continuous service at the date of his termination.

According to our records you will have qualified for a right to a deferred pension at the time of your termination. In its administration of the Plan, the Board of Benefits and Pensions must certify your qualifications and approve the calculation of your benefit amount. As soon as this has been done, you will be notified by the Pensions and Benefits Section of the Employee Relations Department. This notice will also tell you how to apply for the payments when you reach the required age.

Since the Board meets only once a month, it will be several weeks before this is accomplished. If you do not receive your notice within three months, please let us know. Also, if you move before you receive your notice, you should advise us immediately of your new address.

Very truly yours,



C. E. Daniels  
ASST. CHIEF ENGINEER

BETTER THINGS FOR BETTER LIVING . . . THROUGH CHEMISTRY



EXHIBIT "A-2"

Social Security No. 252-14-1917

THIS AGREEMENT, entered into this 5th day of November, A. D. 1945 by and between E. I. DU PONT DE NEMOURS & COMPANY, a corporation of the State of Delaware (hereinafter called the "Employer"), and Norvin G. Maloney, (hereinafter called the "Employee").

WITNESSETH:

WHEREAS, the Employer and its several subsidiary and associated companies are engaged in the manufacture or production of chemicals and mechanical mixtures and of products in or in connection with which chemicals and mechanical mixtures are used, and own or control numerous patented and secret methods, processes and formulae applicable thereto, and may from time to time become engaged in the manufacture or production of other and different products or commodities, and acquire or produce additional methods, processes and formulae (all of which are hereinafter referred to as "inventions"), which constitute a very valuable part of the assets of the Employer and its subsidiary and associated companies; and

WHEREAS, in connection with the study of the problems relating to such manufacture and production and the discovery, improvement and perfection of inventions, many of the Employees of the Employer, even though not directly engaged in such manufacture and production, are by reason of the nature of their duties informed with respect to such inventions (including the inventions of said subsidiary and associated companies) and are from time to time enabled to contribute new inventions or improvements on those already existing; and

WHEREAS, said Employer and its subsidiary companies have promulgated and now maintain a bonus plan, under and in accordance with which bonuses therein described as Class A bonuses may be and, in the discretion of the Executive Committee of the Employer, are awarded and granted to Employees who have contributed in an unusual degree to the success of said companies by their inventions or for other conspicuous service; and the prospective benefits to be derived under such bonus plan are an incentive to all Employees (whether directly or indirectly engaged in the manufacture or production aforesaid) to devote their energies as and when their duties will permit to the production of new inventions and the improvement and perfection of those already existing; and



WHEREAS, said Employee desires to enter or to continue in the employment (as the case may be) of said Employer, and to such extent as may be possible to co-operate in the improvement of the inventions of the Employer and/or its subsidiary and associated companies and to participate in the benefits of said bonus plan under the conditions thereof; and

WHEREAS, said Employee may be transferred temporarily or permanently to one or more of the subsidiary or associated companies of the Employer:

NOW, THEREFORE, said Employer and said Employee, in consideration of the premises and of the respective mutual promises and agreements hereinafter set forth, promise and agree each with the other, as follows:

FIRST: That the term "affiliated companies" shall be deemed to mean the subsidiary and associated companies of the Employer.

SECOND: That the Employee shall devote his entire time and his best efforts, during the period of his employment by the Employer and/or any of its affiliated companies, to such duties as may be assigned to him, and shall faithfully and diligently serve and endeavor to further the interests of the Employer and its affiliated companies during the period of his said employment.

THIRD: That any and all improvements and inventions which Employee has conceived or made, and/or may conceive or make, during the period of his said employment, relating or in any way appertaining to or connected with any of the matters which have been or during said period may become the subject of the investigation of the Employer and/or any of its affiliated companies, or in which said Employer and/or any of its affiliated companies has been or during said period may become interested, shall be the sole and exclusive property of said Employer or its nominee; and whenever requested so to do by said Employer, he shall execute and assign any and all applications, assignments and other instruments which said Employer shall deem necessary in order to apply for and obtain Letters Patent of the United States and/or foreign countries for said improvements or inventions and in order to assign and convey to said Employer or its nominee the sole and exclusive right, title and interest in and to said improvements, inventions, applications and patent.

FOURTH: That said Employee shall not, directly or indirectly, disclose or use at any time, either during or subsequent to the said employment, any secret or confidential information, knowledge or data of the Employer or of any of its affiliated companies (whether or not obtained, acquired or developed by him), unless he shall first secure the written consent of the Employer.

FIFTH: That said Employer shall employ said Employee, or continue his employment (as the case may be), at a wage or salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said Employer and said Employee.



SIXTH: That said Employee's obligation to execute the papers referred to in Paragraph Third shall continue beyond the termination of the period of employment with respect to any and all improvements or inventions conceived or made by him during the period of said employment, and such obligation shall be binding on the assigns, executors, administrators or other legal representatives of said Employee.

SEVENTH: That the expense of applying for and obtaining Letters Patent on said improvements and inventions shall be borne entirely by said Employer or its affiliated companies.

EIGHTH: This agreement shall be binding upon and inure to the benefit of the Employer, its affiliated companies, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have signed this agreement in duplicate, this 5th day of November, 1945.

E. I. DU PONT DE NEMOURS & COMPANY

Dept. ENGINEERING

Witness:

/s/ Lillian B. Holt

By /s/ G. M. Read  
ASST. CHIEF ENGINEER

Witness:

/s/ G. C. Miller, Jr.

/s/ Norvin G. Maloney (SEAL)  
Employee's Signature

EXHIBIT "A-3"

G-106 1-2-46

Social Security No. 258-14-1917

### EMPLOYEES' AGREEMENT

THIS AGREEMENT, entered into this 9th day of January, 1952, between E. I. DU PONT DE NEMOURS AND COMPANY, a corporation of the State of Delaware (hereinafter called the "Employer"), and NORVIN GREEN MALONEY (hereinafter called the "Employee"),



**WITNESSETH:**

**WHEREAS**, the Employer is engaged in the manufacture and sale of chemicals, chemical compositions, and related products made therefrom, and in research activities for itself and others; and in all such activities utilizes patented and secret methods, processes, apparatus, equipment, formulæ and information which constitute a valuable part of its assets; and

**WHEREAS**, the Employee, whether or not directly engaged in manufacturing or research activities, by reason of the nature of his duties may become informed of such technical information and may be enabled to contribute improvements or new inventions; and

**WHEREAS**, the Employer now maintains a bonus plan, under which bonuses may, in the discretion of its Executive Committee, be awarded to employees who have contributed in an unusual degree to the success of the Employer by their inventions;

**NOW, THEREFORE**, in consideration of and as part of the terms of the employment or continuation of employment (as the case may be) of the Employee by the Employer, at a wage or salary and for such length of time as shall be mutually agreeable, it is agreed as follows:

1. Any and all improvements and inventions conceived or made by the Employee during the period of his said employment, relating in any way to the activities or business of the Employer, shall be disclosed promptly to the Employer and shall be the sole and exclusive property of the Employer or its nominee; and whenever requested so to do by the Employer, the Employee shall execute any and all applications, assignments and other instruments which the Employer shall deem necessary in order to apply for and obtain Letters Patent of the United States and foreign countries covering said improvements or inventions and in order to assign and convey to the Employer or its nominee the sole and exclusive right, title and interest therein. These obligations shall continue beyond the termination of the period of employment with respect to improvements or inventions conceived or made by the Employee during the period of said employment, and shall be binding upon his assigns, executors, administrators or other legal representatives.

2. Except as required in his duties to the Employer, the Employee shall not disclose or use at any time, either during or subsequent to the said employment, any secret or confidential information of the Employer (whether or not developed by the Employee), unless he shall first secure the Employer's written consent.

**IN WITNESS WHEREOF**, the parties have signed this agreement in duplicate as of the date written above.

E. I. DUPONT DE NEMOURS AND COMPANY

By *R. A. Emerson*

PERSONNEL SUPERVISOR, ENGG. DEPT.

*Horvin G. Melony* (SEAL)  
EMPLOYEE

Witness:

*J. H. Reynolds*



EXHIBIT "A-4"

2325 Pennsylvania Avenue  
Wilmington 5,  
Delaware

December 12th, 1961.

E. I. du Pont de Nemours & Company  
Mr. Crawford H. Greenwalt  
President  
Wilmington, 90  
Delaware.

Gentlemen:

On Friday the 13th of January 1961 my employment with Du Pont was terminated in an abrupt and unusual manner. After 15 years of service at the Mechanical Development Laboratory (November 5th, 1945), during which time I received over half a dozen raises (that approximately doubled my pay), two bonus awards and was given the title "Research Project Engineer", I was called in at 11 a.m. told I would be terminated that day and at 2 p.m. was given a check for salary to date, plus one month salary in lieu of notice and three weeks vacation pay.

C.E. Daniels handed me the check and a letter stating "we regret to advise that we will not have need for your services after January 13th, 1961". I joined the Du Pont Co. at his invitation, he hired me, approved every raise and, personally, handed me a bonus and a letter advancing me to "Research Project Engineer" - with an explanation that there were two categories in this title - Administrative and Technical - mine was Technical. There was no limit to my salary but there was only one higher title "Senior Research Engineer".

I had been warned. On November 29th, 1960 I was called into L.R. Crittenden's office. He started out telling me the Textile Fibers Dept. had decided not to support me or do any work on my ideas embodied in patent file RE-707. Finally, he said "what we are getting around to is we think it is in your best interest to seek employment elsewhere". My answer was that I would not voluntarily leave the Du Pont Company. That I was 54 years of age, was hired at their invitation and could prove that I had justified my pay 10 times over in savings to Du Pont. Mr. Crittended replied that my work was not satisfactory and I asked him to name a specific instance where my technical perfor-



mance was unsatisfactory. He admitted he could not. But he insisted that I was unsatisfactory in that I did not get along with people. That I tended to refer to what "I did" rather than what "we did". That I did not work well in a group. That I was too independent. I reminded Mr. Crittenden that I had been hired for my creativity, experience and judgement as an Applied Research and Development Engineer" and there were some very valuable patent rights involved where the responsibility of determining who is the inventor is at stake. That I had not hesitated to hold to technical opinions when I thought I was right and that I did not know of a single instance where anyone had demonstrated I was wrong on any technical opinion that I have offered during my 15 years with Du Font. I agreed there had been a great deal of misunderstanding and my objecting wrong decisions made by my management in full knowledge that I disagreed with them. I cited specific examples, many of them known to Mr. Crittenden from direct association at the time they occurred. Such as:

1. "Bridge wire welding". . . . \* \* \*
2. Strain gage Technique. \* \* \*
- The "Agitator Test". . . . \* \* \*
3. The "Cam Test". . . . \* \* \*
4. Measurement of recoil of the model 40 auto-loading shotgun.  
\* \* \*
5. "High Speed Weighing". \* \* \*
- \* \* \*
6. A.M.C. - Savannah River Project. \* \* \*
- \* \* \*
7. The "Textile Spindle Study", . . . . \* \* \*
8. . . . . the yield point of the steel used in a larger diameter bobbin (LNU vs. DMR).
9. . . . . tests to destruction on the large beams on which we ship 1,100 lbs. of nylon tire cord. \* \* \*
10. In March 1955 I was transferred from the Research Group at MDL to MDL field assignment at Carothers Laboratory, on loan to the Textile



Fibers Department. A rapid succession of varied problems and assignments gave me a broad view of synthetic fiber engineering objectives. Development of manufacturing methods for sheath core spinnerets. Site 2 coordination. Effect of speed control variation on denier control (0.1% on all drives over the complete range was unwarranted). High pressure measurement of molten polymer. Broken filament counting methods. Coupled spin-draw (2 stage C). High speed rotating systems. Traverse guide systems. Square and drawtwister package. Improved textile yarn packages. Zero tension packaging methods. High helix drawtwister package. Causes of barre (rheology of high polymers was not mentioned at this time).

\* \* \*

11. In January 1957, I was transferred on loan to the Industrial Products Research Laboratory (IPRL) of the Textile Fibers Department.

\* \* \*

"Flat spotting" of nylon tires was the problem. \* \* \*

\* \* \*

12. "Broken Filament Detector", patent proposal RD-516, a well documented example of an attempt to shift credit back to the ones who failed. The Patent Attorney chose not to go along and my name appears as the sole inventor.

\* \* \*

13. Proposed Use of a Pneumatic System in Spinning and Drawing of Yarn-Textile Fibers. Engineering Department. Suggestion No. 6-10116, re-numbered 8-9617, re-numbered 9-3327. \* \* \*

"RD-707 - Continuous Process - Spinning, Drawing, Packaging" is the Textile Fibers Department patent file on my invention and reduction to practice of a new method of spinning continuous synthetic fiber with pneumatic transport and drawing of the yarn followed by condensation of the gas (steam) to a liquid (water) so that a piddled package of relaxed and equilibrated yarn can be produced at high speed and low cost in an automatic string-up system.

\* \* \*

I am enclosing copies of my records that I believe you will find convincing. I sincerely hope they will not prove embarrassing to you or other responsible honest and sincere members of Higher Management of the Du Pont Company. I have reason to believe there are some who will be more than just



embarrassed. There are some members of the Du Pont Engineering Department and Textile Fibers Department who are of the opinion that they have succeeded in confiscating my records. When they learn that I have supplied you with additional copies they are going to be very unhappy. How far they will go beyond that, I prefer to try and prepare for rather than guess.

I told C. B. Daniels, V. W. Haedrich, Trum Blake and L. L. Crittended that I would not run.

They glowingly offered to help find me another job somewhere else. All they needed was my signature on an application for employment with another company and it would be grounds for "dismissal for cause". I refused and told them I would play the cards I have. That, in my opinion, I am holding all aces.

Trum Blake handed me a photostat of the Patent Agreement that I signed when I was employed in November 1945, and proceeded to deliver a lecture on his hope that I would live up to the contract that I had signed. I heard him out and assured him I had every intention of living up to my side of that contract. And I added, "I expect the Du Pont Company to do the same". I will state again what I told these four members of Du Pont's Engineering Management.

"A Contract to be legal must be a fair exchange - approximately equal value must pass both ways. You cannot hold a man to a contract unless you can prove there is a fair exchange. A contract cannot be used to defraud. In this contract I agreed to assign my patent rights to the Du Pont Company. They in turn agreed to employ me. If anyone ever received that dollar I never heard of it. If the Du Pont Company chooses to terminate my employment when valuable patent rights are in question, the Du Pont Company - not I - will be breaking this contract."

"I do not concede the Du Pont Company the privilege of terminating my employment without cause and retaining my patent rights".

"The inventor and his assigns are required by law to show due diligence in the development of an invention and the prompt preparation and filing of a patent application. I fully intend to do this, preferably within the Du Pont Company, but if my employment is terminated I will continue as an individual to prepare and file this patent application and continue the development of a pneumatic process for manufacture of continuous filament yarn wherever I can find backing and support."

On Monday, January 16th, 1961, the first working day following my exit interview with Kent Marlin I made two 'phone calls at about 9 a.m.

First I 'phoned Kent Marlin and requested an answer in writing



to three questions.

1. "What category did the Engineering Department choose when they terminated my services? The letter that C.E. Daniels handed me contained no statement as to why I was laid off." Kent immediately answered, "This was not a lay off". Was I fired? No! "You were terminated and the reason written on your record is. No suitable work available - unsatisfactory performance."

2. "Please send me a list of the categories and their definitions as they are used in the Du Pont Company?"

3. How will the Du Pont Company answer the typical question asked by all prospective employers - "Would you rehire"?

Kent Marlin requested time to take these three questions up with higher management. At 4 pm he called back and said I would receive nothing further in writing and that the answer to my third question - would you rehire? was "yes" in that I am technically eligible for rehiring. I answered, "then I am being black listed in the Dupont Company but not outside of it." He answered, "Don't use that dirty word."

My second phone call on Monday morning, January 16th, 1961, was to Reade Y. Thompson. I stated I wished to make a formal legal application for employment with the Textile Fibers Department of the Du Pont Company. I explained my 15 year employe status, my termination without cause, no separation pay, Patent File EE-707 and gave Dr. Arthur McGeorge as a reference and one of my Supervisors who could advise him of the situation. At about 4 pm Mr. Thompson called back. He assured me that I was eligible for rehiring but that he had been advised there was no job available for me at that time. He restated his opinion expressed in our morning conversation that there was no reason to fill out another employment blank. That he would make a record of my availability and notify me if and when a job opening was available. I assured Mr. Thompson that I would be waiting and that I would not accept or seek employment elsewhere until the status of my patent rights had been decided in a Court of Law.

I again here and now apply for employment with the Du Pont Company.

I do not concede the Du Pont Company the privilege of terminating my services in the manner used in my case. I concede without question Du Pont's right to fire an employee for cause without separation pay, but I believe I am due my pay up until I am fired for cause or I am laid off with separation pay. I hereby notify the E.I. du Pont de Nemours & Company of Wilmington 98, Delaware of their failure to comply with their own regulations and the Laws of the United States and the State of Delaware in the attempted



termination of my employment. I believe there is evidence of Misfeasance and Malfeasance in Employee Relations and Corporate Management. I believe there is evidence of intent to defraud an employee of his legal rights.

This letter is not complete. The record will continue to be recorded and I will continue to defend my legal rights as an American Citizen. I hope I will be able to continue as a faithful Du Pont Employee.

In closing my efforts as this time to meet a one year deadline for continuity of service in the Du Pont Company, I will make just two additional brief statements.

I do not concede the privilege of ignorance to any man although I am fully aware of the ignorance that exists. Ignorance is no defense under the Law. My supervision is responsible for informing you of these facts. Maybe they did.

Delinquency of Youth is an everyday theme song. I don't think age can be justified as an excuse in the age old battle of the - "Law of the Cañon vs. the Law of the Land." Even though you may think you are big enough and smart enough to get away with it, I believe you realize that in the end the Du Pont Company will be the victim if it places the Law of the Cañon above the Law of the Land.

I believe that I am still a loyal and legal employee of the Du Pont Company as I write this. My termination on January 13th, 1961, was not legal. I believe it was an illegal act - a conspiracy of certain individuals in the management of the Du Pont Company to rob me of my rights as a Du Pont Employee and Patent Rights as an American Citizen.

C.B. Daniels parting words were "Go ahead and write to the Board of Directors. They will only send your letter back to me for handling."

Sincerely,

/s/ Norvin G. Maloney

EXHIBIT "B"





**E. I. DU PONT DE NEMOURS & COMPANY**  
INCORPORATED  
**WILMINGTON 98, DELAWARE**

EMPLOYEE RELATIONS DEPARTMENT

February 2, 1962

Mr. Norvin G. Maloney  
 2325 Pennsylvania Avenue  
 Wilmington, Delaware

Dear Mr. Maloney:

Your letter of December 12, 1961, addressed to Mr. C. H. Greenewalt has been referred to us for attention and reply.

Unfortunately, occasions sometimes arise when an employer finds it desirable for good and sufficient reason to conclude that an employee's services should be terminated. In your case the decision to terminate was reached only after the most careful review of your performance with this company and with full knowledge of those aspects of your service to which you refer. We see no basis for a reversal of that decision and know of no opening in the company where your services could be used to mutual advantage at this time.

Your letter raises a point of concern to us -- namely, that when you left our employ you took with you copies of records which are clearly company property and, accordingly, should be returned. As you mentioned in your letter, you were furnished at the time of your termination with a copy of the Employment Agreement, signed by you in 1945, and your attention was called to the obligations that it contained. It requires continuing secrecy on your part as to company matters and obligates you to assign any improvements and inventions made by you during the period of your employment to this company. This is a formal undertaking on your part which you entered into in consideration for your employment and, as you may recall, it included the acknowledgment that "obligations continue beyond the termination of the period of the said employment." Quite naturally, we would expect you to live up to every term of that contract and no rights in any such improvement or invention would accrue to you unless a release is obtained by you from this company.

In connection with the continuous process of spinning, drawing and packaging to which you refer, your statements have been reviewed in detail with our Textile Fibers Department and Engineering Department and it has been determined that your proposal was considered, found largely anticipated by prior art and then dropped because of lack of interest.

I can assure you that this entire matter has received our most careful consideration.

Very truly yours,

PERSONNEL DIVISION

*P. B. Lewis*  
 P. B. Lewis, Manager

PBL:tmw



Filed May 1, 1963

ANSWER TO SECOND AMENDED COMPLAINT

First Defense

The complaint fails to state a claim upon which relief can be granted.

Second Defense

1. Defendant denies the averments in paragraph 1 of the second amended complaint.
2. Defendant admits the averments in paragraph 2 of the second amended complaint.
3. Defendant is without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 3 of the second amended complaint, except that it admits that plaintiff is a citizen of the United States and a resident of the State of Delaware.
4. Defendant admits that it is a manufacturer of certain chemical products, and states that the remaining averments of paragraph 4 of the second amended complaint are too ambiguous and vague to permit an answer thereto, and, therefore, defendant states it is without knowledge or information sufficient to form a belief as to the truth of such averments.
5. Defendant is without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 5 of the second



amended complaint.

6. Defendant is without knowledge or information sufficient to form a belief as to the truth of the averments contained in the first sentence of paragraph 6 of the second amended complaint. Defendant denies the averments in the second sentence of paragraph 6 of the second amended complaint. Defendant admits that plaintiff and defendant entered into the written agreement dated November 5, 1945, which is made a part of the second amended complaint by reference. Defendant denies that such agreement was a "contract of employment," and states that the said agreement speaks for itself. Defendant denies the averments in the first sentence of the second paragraph of paragraph 6 of the second amended complaint, except that it admits that plaintiff's classification was changed from his initial classification of Machine Development Engineer to Research Engineer some time after his initial employment, and that he was later promoted to the classification of Research Project Engineer. Defendant also admits that plaintiff was assigned to work on various projects of defendant corporation. In further response to the averments in this sentence, defendant avers that plaintiff was eventually reclassified from Research Project Engineer to Development Project Engineer, then to Research Engineer, and finally to Development Engineer. Defendant denies the averments in the second sentence of the second paragraph of paragraph 6 of the second amended complaint, except that it is without knowledge or information sufficient to form a belief as to the truth of the averment that plaintiff devoted his best skill and talent in furtherance of defendant's business with respect to the assignments mentioned



in the previous sentence of this said paragraph 6. Defendant denies the averments in the last sentence of paragraph 6 of the second amended complaint, except that it admits that plaintiff invented a system for high speed weighing of a succession of articles, for which United States Patent No. 2,661,091 was issued on December 1, 1953. Defendant specifically denies each and every averment in paragraph 6 of the second amended complaint, except those averments therein which defendant has specifically admitted, denied, or otherwise pleaded to.

7. Defendant denies the averments in the first sentence of paragraph 7 of the second amended complaint, except that it admits entering into the written agreement of January 9, 1952, which is made a part of the second amended complaint by reference. Defendant states that the said agreement speaks for itself. Defendant avers, however, that there is no paragraph "fifth" in the said agreement of January 9, 1952. Defendant denies the remaining averments in paragraph 7 of the second amended complaint.

8. Defendant admits that plaintiff, while in the employ of the defendant following the execution of the said written agreement of January 9, 1952, invented a device known as a "Broken Filament Detector," but defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining averments in the first paragraph of paragraph 8 of the second amended complaint. Defendant admits the averments in the first three sentences of the second paragraph of paragraph 8 of the second amended complaint, except that Letters Patent No. 3,013,429 bears the following caption: "BROKEN



FILAMENT DIRECTOR, Norvin G. Maloney, Jr., Wilmington, Del., assignor to E. I. du Pont de Nemours and Company, Wilmington, Del., a corporation of Delaware." Defendant admits the averments in the last sentence of paragraph 8 of the second amended complaint, except it specifically denies the averment or any suggestion that defendant abandoned any agreement or contract with plaintiff.

9. Defendant admits the averments in the first three sentences of paragraph 9 of the second amended complaint, except that defendant is without knowledge or information sufficient to form a belief as to the truth of the averments that the device described in paragraph 9 of the second amended complaint was in fact an "invention" and that plaintiff completed his alleged "invention" on August 29, 1960. Defendant denies the averments in the last sentence of paragraph 9 of the second amended complaint.

10. Defendant denies the averments in paragraph 10 of the second amended complaint, except that defendant admits that a letter dated January 12, 1961, from C. B. Daniels to Mr. Norvin G. Maloney, which letter is made a part of the second amended complaint by reference, was delivered to plaintiff on behalf of defendant. Defendant further avers that the said letter speaks for itself.

11. Defendant denies the averments in paragraph 11 of the second amended complaint.

12. Defendant denies the averments in paragraph 12 of the second amended complaint.



13. Defendant denies the averments in paragraph 13 of the second amended complaint.

14. Defendant admits the averments in the first sentence of paragraph 14 of the second amended complaint, except that it is without knowledge or information sufficient to form a belief as to the truth of the averment that the alleged device or process described in this sentence was in fact an "invention." Defendant denies the remaining averments of paragraph 14 of the second amended complaint, except that it admits that plaintiff submitted to defendant the alleged process referred to in said paragraph, which process plaintiff has characterized in the second amended complaint as having been an "improvement in speed of production or costs and quality of yarn," and defendant avers further that plaintiff's obligations to defendant on account of his alleged inventions are set forth exclusively in the written agreements of November 5, 1945, and January 9, 1952, which are made part of the second amended complaint by reference, and which agreements speak for themselves.

15. Defendant is not obliged to respond to the legal conclusions set forth in paragraph 15 of the second amended complaint. Plaintiff's averments, if any, in paragraph 15 are too vague and ambiguous to permit an answer thereto, and, therefore, they are denied in their entirety.

Defendant denies that plaintiff is entitled to any of the relief prayed for in count one of the second amended complaint, or to any other relief.

16. Defendant adopts and incorporates by reference all of its answers set forth in paragraph 1-15 above, to the extent that plaintiff's allegations



in count one of the second amended complaint are incorporated by reference into count two of the second amended complaint.

17. Defendant is without information or knowledge sufficient to form a belief as to the truth of the averments in paragraph 17 of the second amended complaint, except that defendant avers that plaintiff was initially employed by defendant as a Machine Development Engineer.

18. Defendant denies the averments in the first paragraph of paragraph 18 of the second amended complaint, except that it admits that plaintiff began his employment with defendant on November 5, 1945, and that plaintiff's work for defendant resulted in the issuance to plaintiff of Letters Patent Nos. 2,661,091 and 3,013,429. Defendant denies each and every averment in the second and third paragraphs of paragraph 18 of the second amended complaint.

19. Defendant denies the averments in paragraph 19 of the second amended complaint.

20. Defendant denies the averments in paragraph 20 of the second amended complaint, and further avers that plaintiff's aggregate compensation during his period of employment by defendant was \$152,093.53.

21. Defendant denies the averments in paragraph 21 of the second amended complaint, except that it admits that it has the exclusive use and title to plaintiff's alleged inventions referred to in the said paragraph 21 and the letters patent issued with respect to those inventions, and defendant further admits that it notified plaintiff on January 13, 1961, that his services were terminated on that date. In further response, defendant avers that



plaintiff was informed by employees of defendant of his impending termination some time prior to January 13, 1961. Defendant specifically denies that plaintiff is entitled, on any basis, to continue on defendant's payroll, or to any other relief.

22. Defendant denies the averments in paragraph 22 of the second amended complaint, except that it admits sending a letter dated February 2, 1962, to plaintiff, in which plaintiff's attention was called to the provisions of the Employees' Agreements made part of the second amended complaint by reference.

Defendant denies that defendant has been unjustly enriched in any amount at the expense of plaintiff and denies that it is holding any sum in trust for plaintiff. Defendant further denies that plaintiff is entitled to any money judgment or other relief under count two of the second amended complaint.

23. Defendant adopts and incorporates by reference all of its answers set forth in paragraphs 1-22 above, to the extent that plaintiff's allegations in counts one and two of the second amended complaint are incorporated by reference into count three of the second amended complaint.

24. Defendant denies the averments in the first paragraph of paragraph 24 of the second amended complaint, except it admits that plaintiff and defendant entered into the written agreements of November 5, 1945, and January 9, 1952, which are made part of the second amended complaint by reference. Defendant further avers that the said agreements are supported by



adequate and sufficient consideration. Defendant denies the averments in the second paragraph of paragraph 24 of the second amended complaint, except it admits that plaintiff was employed by defendant continuously for more than fifteen years in various engineering classifications.

25. Defendant denies the averments in paragraph 25 of the second amended complaint, except that it admits that letters patent were issued to defendant, as assignee, on December 1, 1953, for an invention known as an Apparatus For Weight Classification; that letters patent were issued to defendant, as assignee, on December 19, 1961, for an invention known as a Broken Filament Detector; and that plaintiff suggested to defendant a system for pneumatic processing and hydrolytic packaging of continuous filament synthetic yarns, for which defendant has not sought letters patent and full title to which is in defendant.

26. Defendant denies the averments in the first paragraph of paragraph 26 of the second amended complaint. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining averments in paragraph 26 of the second amended complaint.

27. Defendant denies the averments in paragraph 27 of the second amended complaint, and in further response avers that plaintiff is not entitled to damages for any reason whatsoever.

28. Defendant denies the averments in paragraph 28 of the second amended complaint, except that it admits that plaintiff has no right to the title to or use of the letters patent and alleged invention listed in paragraph 25 of



the patent and alleged invention listed in paragraph 25 of the second amended complaint.

Defendant denies that plaintiff is entitled to any money judgment, accounting, or other equitable relief under any of the counts of the second amended complaint, and, instead, avers that judgment should be entered for defendant on all counts of the second amended complaint.

#### Third Defense

Under the express terms of the written agreements of November 5, 1945, and January 9, 1952, which are made part of the second amended complaint by reference, and under the applicable law apart from those express provisions, defendant is entitled to, and is vested with, full title, possession, and exclusive right of use of any and all patents, inventions, or improvements conceived, worked on, or perfected by plaintiff during the course of his employment by defendant, including all the patents and alleged inventions listed or described in the second amended complaint.

#### Fourth Defense

Defendant is entitled at least to "shop rights" in all alleged inventions referred to in the second amended complaint. Plaintiff is thus not entitled to recover any alleged profits which have been or may be derived by defendant from its own use of plaintiff's alleged inventions.



Filed July 25, 1968

MOTION FOR SUMMARY JUDGMENT WITH RESPECT  
TO COUNT THREE OF THE SECOND AMENDED COMPLAINT

The plaintiff herein, Norvin G. Maloney, Jr., by his Attorney King David, respectfully moves the Court to grant summary judgment for him with respect to count three of the second amended complaint for the reason that the pleadings, affidavit of plaintiff, and the exhibits attached to the second amended complaint and made part hereof, show that there is no genuine issue as to any material fact for the reasons set forth in the attached memorandum of points and authorities.

/s/ King David  
ATTORNEY FOR PLAINTIFF  
1916 -11th Street, N. W.  
Columbia 5-4413

(Certificate of Service)

Filed July 25, 1968

Affidavit

Norvin G. Maloney, Jr., Plaintiff, deposes and says:

1. He has made and is continuing to make a determined effort to obtain employment at the same type of work and in the same location where he has been working and living for over fifteen years. It is his primary objective in pressing this action in a court of law.



Fifth Defense

Defendant avers that plaintiff's employment was terminable at the will of either party.

Sixth Defense

Defendant avers that it had good and sufficient cause for terminating plaintiff's employment.

Seventh Defense

Plaintiff has failed to mitigate any damages he allegedly suffered, and his alleged damages for wrongful discharge must be mitigated in accordance with applicable law.

WHEREFORE, defendant prays that the second amended complaint be dismissed, and that judgment herein be entered for defendant, with costs.

/s/ James C. McKay

/s/ Edward J. Grenier, Jr.  
701 Union Trust Building  
Washington 5, D. C.

Attorneys for Defendant

(Certificate of Service)



2. He has refused to seek employment in other areas of technology or away from his established residence and home and has been advised that he is within his legal rights to demand the privilege of working in the technical areas in which he has experience.

3. He and anyone who hires him are threatened with legal prosecution if he is employed to work on research and development that are in any way a continuation of the technical categories in which he gained experience while working fifteen years for the Defendant. They claim in a broad sense that this experience encompasses their secrets, without specification.

4. The defendant corporation is currently litigating and seeking to prevent a former employee from working for another corporation in the same technical area in which he was admittedly very successful while working for the Defendant. Du Pont vs. American Potash and Hirsch.

5. The defendant does not appear to base its case on the fact that Hirsch quit his job with Du Pont and therefore abandoned his contract with his employer. Du Pont's case is based on Hirsch's possession of their alleged secrets. This plaintiff refused to abandon his contract and the defendant appears to still believe that he can be legally prosecuted for violation of a contract which they chose to abandon.

6. The principle that "those who seek equity must do equity" appears to be a prerequisite in this case. The basic mechanism was recognized by Judge Youngdahl and expressed in the final paragraph of his opinion denying the defendants motion to dismiss this complaint. Judge Youngdahl wrote:



"If in the meantime the defendant were to take the plaintiff back into its employ, or is such reinstatement were ordered after the trial, then the issue as to the patents (sic) rights would disappear."

7. A normal requirement for employment in research and development is a contract to assign all patent rights to the employer. The moment this plaintiff signs another employment contract he becomes the servant of two masters and very probably could legally defend his patent rights only with the permission of his second or current employer.

8. He has been advised by two patent attorneys in the State of Delaware that he will not be accepted for employment in this state by any competitive employer (sic) because, as one disdainfully (sic) expressed it, "After all, no one would knowingly seek a law suit with Du Pont."

9. This plaintiff has not signed any form of application for employment that could jeopardize his equitable position in this case even though the defendant has three times signified their absolute and unequivocal abandonment of our contract.

First, Employment termination, summary dismissal without cause, January 15, 1961.

Second, their letter dated February 2, 1962, Exhibit I.

Third, Defendants Answer to the Second Amended Complaint, Count three specifically suing for reinstatement on order of this court.

10. Plaintiff believes a Declaratory Judgement (sic) terminating defendants claims against the plaintiff and his prospective employers is essential to his future employment in technical areas of previous experience.



United States District Court

for the District of Columbia

(JUL 20th day of July, 1963)

Filed Aug. 7, 1963

AFFIDAVIT OF L. RAY CRITTENDON  
IN SUPPORT OF OPPOSITION  
TO PLAINTIFF'S MOTION  
FOR SUMMARY JUDGMENT

State of Delaware       )  
                              ) ss:  
County of New Castle )

I, L. RAY CRITTENDON, being first duly sworn, state that the following facts are true to my knowledge:

1. I am presently Director of Engineering Development in the Engineering Department, E. I. du Pont de Nemours and Company (hereinafter referred to as "Du Pont"). Prior to May 13, 1963, for 6 years, I was Director of the Mechanical Development Laboratory of the Engineering Department of Du Pont. I am making this affidavit in support of the defendant's opposition to the plaintiff's motion for summary judgment.

2. From date of his employment until March 21, 1951, I was generally familiar with work conducted by plaintiff; from March 21, 1951, to January 13, 1961, plaintiff worked under my general supervision and I was



thoroughly familiar with his work at all times.

3. The plaintiff was hired in 1945. For a number of years the plaintiff did satisfactory work; however, in later years, particularly beginning in about 1958, his work fell off badly, and from that time until he was terminated his work was unsatisfactory.

4. Attached hereto as Exhibit 1 is a copy of a Personnel Appraisal report relating to plaintiff which is dated May 28, 1959. The report was discussed at length with plaintiff. This report also was reviewed by me, and I discussed it with other persons who had knowledge of plaintiff's work. On the basis of those conversations, as well as my personal knowledge, I concurred fully in the report and the discussion attached thereto. I was convinced that plaintiff's work was unsatisfactory and unless substantially improved would not justify his continued employment by Du Pont. At this time I told plaintiff that I had read this report, that I had discussed it with his supervision, and that his work would have to improve to continue working for Du Pont.

5. In spite of plaintiff's poor performance over an extended period as indicated by the May 28, 1959 Personnel Appraisal report, decision to discontinue plaintiff's employment was not reached at this time in the hope that he would improve his performance. However, plaintiff's work continued to be unsatisfactory.

6. Thereafter, I had detailed discussions about the quality of plaintiff's work with numerous persons in the Engineering Department, including plaintiff's current and past supervisors, as well as persons in manage-



ment positions such as C. E. Daniels, Assistant Chief Engineer; V. W. Haedrich, Technical Director and Manager of the Engineering Research Division; and T. Blake, Assistant Manager. On the basis of these discussions, it was concluded that the plaintiff's employment would be terminated because of his unsatisfactory performance.

7. In November of 1960, I informed plaintiff of the decision to terminate his employment. Plaintiff's employment was discontinued on January 13, 1961.

/s/ L. Ray Crittendon

(JURAT the 5th day of August, 1963)

Filed Aug. 27, 1963

AFFIDAVIT OF C. E. DANIELS IN OPPOSITION  
TO PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

State of Delaware       )  
                              ) SS:  
County of New Castle    )

I, C. E. DANIELS, being first duly sworn, state that the following facts are true to my knowledge:

1. I am presently Assistant Chief Engineer, Engineering Department, E. I. du Pont de Nemours and Company (hereinafter referred to as "Du Pont"), and have held that position for 4 years. I am making this affidavit in support of the opposition of the defendant herein to a motion for summary judgment.



ment filed by the plaintiff.

2. In 1945, I was Assistant Manager of the Development Engineering Division, Engineering Department. In 1945, I interviewed the plaintiff in connection with an application made by plaintiff for employment with the Engineering Department. I approved plaintiff's employment by Du Pont.

3. At no time during my conversation with plaintiff, nor at any other time, did I state to him that he was being employed on a permanent basis by Du Pont or that he could not be terminated without his consent, nor have I ever made any statement to him from which he reasonably could conclude that he entered into a contract of permanent employment with Du Pont or that he could not be terminated unless he consented thereto.

4. It is not presently, and it never has been, the policy of Du Pont to hire employees on a basis that they could not be terminated without their consent. I have never told a prospective employee or an employee that he would have or had a contract of permanent employment or that he could not be terminated without his consent, nor has anyone in the Engineering Department of Du Pont had the authority to make such a statement to a prospective employee or an employee. In addition, to my knowledge, no one has ever made any such statement to a prospective employee or an employee.

5. There was nothing unique about the Employees' Agreements signed by plaintiff in November of 1945 and January of 1952. As of November of 1945, all employees working in the Engineering Department of Du Pont, who had jobs similar to that of plaintiff, and those who were hired at that same time, had



signed agreements identical to the agreement executed by the plaintiff. In addition, the January 1952 agreement was circulated generally and was signed by thousands of Du Pont employees. In 1952, the following classes of employees with the Engineering Department signed an agreement identical to that signed by the plaintiff in January 1952:

- (1) Wilmington salary and miscellaneous construction wage roll employees.
- (2) All employees exempt from provisions of the Fair Labor Standards Act.
- (3) All other employees who were technically trained and any employees who were doing the work of a technically trained man.
- (4) All other employees who were working in a supervisory capacity, not including hourly employees such as foremen or general foremen.

6. No employee, to my knowledge, other than the plaintiff has ever asserted that he could not be terminated without his consent, although a number of employees of the Engineering Department have been terminated without their consent.

7. Prior to plaintiff's termination, I discussed his work at length with persons in the Engineering Department who were familiar with his work. I learned that plaintiff's unsatisfactory performance had been discussed with him on a number of occasions. I also learned that plaintiff had been given every opportunity to improve his performance but that he had not improved. I was convinced on the basis of the foregoing that plaintiff's work was unsatisfactory. It was for that reason that plaintiff's employment was terminated.

/s/ C. B. Daniels



(JURAT the 12th day of August, 1963)

(Certificate of Service)

Filed Sep. 6, 1963

Washington, D. C.  
Wednesday, July 24, 1963.

Deposition of

NORVIN C. MALONEY, JR.

\* \* \*

(Page 7)

Q Do you consider that you had a contract for permanent employment with the General Motors Company?

A The term "permanent employment" legally -- I would have to answer your question that, in general terms, that was a continuing contract of employment.

Q Would that be the same type of employment then in that respect which you later got with the du Pont Company?

A Yes, it would

\* \* \*

(Page 14)

\* \* \*



Q. Why did you leave the General Motors Company?

A. Eastern Aircraft Division of General Motors was initiated during the war to manufacture airframes, essentially of the Grumman design. At the time I was with them, we were in the process of improving the design and (15) also designing a new structure. With the end of the war, General Motors had no intention of continuing in the airframe business. I witnessed a heart-rending spectacle of the termination of a multimillion dollar contract and seeing the first airplane, on which we had labored so diligently, put on a truck, taken out to a burning ground, doused with gasoline and set on fire. My job was in the same type of category of termination, in that the war contracts were cancelled.

Now, this is delineated at that point in considerable detail in my letter, which is Exhibit A.

Q. In other words, you were laid off, were you not --

A. Yes.

Q. -- for lack of work by General Motors? Was it for lack of work that you were laid off?

A. Well, the entire division was laid off for lack of work. I was given the opportunity to make trips and they paid my expenses. I was interviewed at the Yellow Cab Division of General Motors, for instance, because of my experience, and they greatly needed that type of experience at the time in the monocoque structure of bus bodies and such, the stress skin design, the typical egg shell.

However, on talking with these people, I found that they already had an



(16)

experienced man in this field and there was really no opening at that location for me.

\* \* \*

(Page 17)

\* \* \*

Where did you see Mr. Daniels for the first time?

A I did not see either gentleman at the time, as I specified in my letter. They came and interviewed the chief engineer, Walter F. Burke, with the request that he recommend any of his group that would be suitable in their newly started mechanical development laboratory. Walter Burke recommended two, a metallurgist of long experience with General Motors and myself. I was the only one of the two who came to Wilmington later. Now, at that time, they did not interview me, but merely asked the chief engineer to state to me that they had been there and that they would like the opportunity of interviewing me for employment.

At that time, had you been laid off by General Motors?

A The notice of layoff, yes. The notice was a full three months before the final termination.

\* \* \*

(Page 29)

\* \* \*

Was it your understanding, sir, as of November 5, 1945, and also, let us say, as of 1952, when you signed the contract, that you had per-



manent employment rights with du Pont, even though you never invented anything?

A I don't understand your meaning of the word "permanent" because you are apparently implying the meaning "permanent" that I don't follow.

What is your meaning of "permanent"? Maybe we ought to start with that and then I can ask my questions a little more intelligently.

(30) A A permanent contract can be abandoned by either party. The word "permanent" does not mean that it cannot be abandoned, any more than a marriage is permanent and cannot be abandoned.

I take it then your contention is that your employment contract could not be abandoned unless both you and the du Pont Company agreed that it should be abandoned?

A That is correct.

I am asking you this: Is it your contention that this contract could not be so abandoned or could not have been so abandoned, even though you never invented anything and never --

A You say "could not" be abandoned. I said "could." I already answered you specifically. Even a marriage contract, with all of its permanency, can be abandoned.

I understand that you say it could not be abandoned unless both parties agree; right?

A The words "abandoned" and "agree to abandon," I don't consider an agreement of any kind is needed to abandon.



Let us suppose --

A The choice of words and the question I consider to be in conflict.  
An abandonment is a unilateral action.

Is it your position that your contract could have been abandoned unilaterally?

(31)

A Certainly. They did, and every employee who quit does. This is law, sir. I learned this in my dad's office. I didn't go by the contract when I left du Pont. I told them I made the statements I made. I was going to my basic knowledge of the laws of equity. I can give you a simple example and parallel, if you will allow me.

Go ahead.

A A simple contract for chattel between a party of the first part and a party of the second part, time payments, and an additional clause for service. You can choose an automobile, TV set, and you can choose the typical service guarantee. I am in the position, sir, of having signed as one party, the party of the second part, in such a contract, and I made a promise to give good service following the termination of such a contract, but I am not in the position of a person who buys a TV set who decides he will stop paying on it, retain the TV set, and since the person who sold it to him signed a contract that he would maintain that set for two years or some period of time, they are going to insist that it be maintained. This violated the age old, centuries old principle of abandonment and forfeiture of a contract in equity. You demand the privilege of abandoning a contract and after your abandonment, you are going to prosecute



me for its violation.

(32)

Q Mr. Maloney, I would like to pose a question that has a hypothetical basis, and that is that you entered into both of these contracts which are the subject matter of this suit, and during your employment by du Pont Company, you did not invent a single, solitary thing.

A Wait --

Q I am asking you, sir, under those circumstances and under your view of the contracts you entered into, whether du Pont Company could properly have terminated your services?

A They can properly terminate my services in a proper, legal manner. Now, that can either be for cause, it can be laid off in the procedures normally used for layoff, and which is a form of abandonment. Inasmuch as you hypothecate, there is no forfeiture to be demanded. Whether or not he is laid off wrongfully, wrongful layoff, is a matter for the court to decide.

Q Let us consider your contract with the du Pont Company and your rights under it. It is your claim that du Pont could not have laid you off, let's say, if there was no work for you to do?

A Oh, they can lay me off. There is no question of this.

Q They could terminate you if there was no work to do; is that correct?

A Layoff in the du Pont Company is a much discussed and explained category. The du Pont Company refused to designate the category or follow the rules as laid down by the supervision repeatedly to their employees. I was

(33)



due one week, I believe -- I believe it is one week or one month -- for each year of employment. I had 15 years. I was due, sir, considerably more than 30 days' pay in lieu of notice.

Are you complaining about that in this action?

A. Exhibit A goes into this in detail, sir.

You can answer that yes or no. You are complaining about that in this action; is that correct?

A. The unlawful discharge is the primary cause of action in this case.

Let me ask you this, sir: In what way and by what means do you contend that the du Pont Company unlawfully discharged you?

A. I refused to agree.

To what?

A. You just mentioned they discharged me. I have the word of the du Pont Company in writing as to my termination -- and I expect the du Pont Company to live up to their choice of words in a contract which they chose to ask me to sign as a condition of employment. I expected du Pont to live up to it at my termination.

(24)

In other words, are you stating, sir, that because du Pont refused to keep you that you were therefore wrongfully discharged?

A. I was completely railroaded.

Just --

A. They had no concern for what I thought and the entire act of



discharge and termination was to impress on me and other employees what happens to those who dare question.

Q In what way do you contend in this lawsuit that that discharge was wrongful?

A Exhibit A states that clearly, sir. I will repeat it for you as best I can.

I was called into Mr. Crittenden's office without any idea that anything like termination was even in the wind. At considerable length, he told me that the textile fibers department had decided they would not support me in my work and patent on a pneumatic spinning of continuous filament yarn and a hydraulic forming of a package at zero tension and saturated moisture content.

At the conclusion of this discourse, he remarked, "What we are really getting around to, Norvin, is that we think it is in your best interests to seek employment elsewhere." I said, "Mr. Crittenden, I have no intention of leaving the du Pont Company and I will not leave the du Pont Company voluntarily."  
(35)

Q Let me interrupt you now. Is it your contention then that du Pont could not unilaterally discharge you?

A On the contrary, sir. They have the privilege, the same as anyone in marriage, but they don't do it without --

MR. DAVIS: Just a minute. Listen to his question. Think about it and answer the question.

BY MR. MCKAY:

Q Is it your contention, Mr. Maloney, that du Pont could not uni-



laterally discharge you without violating the contract?

A The answer is yes.

Would your answer be yes to that question if during your employment by the du Pont Company, you had never made any inventions whatsoever?

A Allow me to state my understanding of your question, please.

Let us assume the hypothetical situation again that you worked for 15 years for the du Pont Company and made no inventions whatsoever. Now my question is, under those circumstances, is it your contention that du Pont could not unilaterally discharge you under those contracts without violating the provisions of those contracts?

A They would be violating the provision of the contract if they did  
(36)  
it in unilateral action. They would be going against their own choice of words.

In other words, it is your contention then, as I understand it, that under the contract du Pont could not discharge you unless you agreed to be discharged; is that correct?

A Without violating the contract.

Q Right, and by the same token then, sir, is it also your contention that you in turn could not have left the du Pont Company for a better job without violating the contract?

A Precisely. The point, sir, is du Pont versus American Potash and Hirsch.

Q Pardon me?

A du Pont versus American Potash and Hirsch.



Q That is that you are talking about?

A A case that was filed five days after the service of my action.

Q Has that case been litigated to completion?

A I have here, sir, the press report on this case in detail. I am sure you are familiar with it.

Q Where was that filed; do you know?

A In the Court of Chancery in Delaware on Monday morning, the first part of December.

Q All right. I take it that the language of the 1945 contract which (37) you rely on is the fifth paragraph; is that correct? You are familiar with the contract, I take it, are you not?

A Fairly familiar, paragraph 5 in particular.

Q What provision provides that, "Said employer shall employ said employee or continue his employment, as the case may be, at a wage and salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said employer and said employee."

Q That is the language you are relying on, isn't it?

A Yes.

Q Was it your understanding, sir, that under that provision of the contract du Pont could not have reduced your salary without you agreeing to such reduction?

A They could reduce my salary without my agreement, but, should they do so, I would be in the position to call for adjudication for lack of mutuality.



For instance, the high speed weighing patent in question. It would be subject to adjudication.

Q I thought you answered my question in the affirmative. In other words, I thought you had told me that under this provision du Pont could not have reduced your salary, unless you agreed to it, without violating the contract of November 1945. Did I understand you to say that?  
(33)

A Yes.

Q In other words, there had to be --

A In other words, I did say they could reduce it and I did say yes to the effect that it would be a violation of the contract if it was done unilaterally and over my objection.

Q I believe you also testified that the provision prevented you from taking another job out of the du Pont Company unless the du Pont Company agreed to that; is that correct?

A Only to the extent that I would forfeit because of abandonment of my contract.

Q Yes, but that would have been in violation of this provision, would it not, if you were to --

A Certainly.

Q -- if you were to leave the du Pont --

A Hirsch violated his contract beyond a question of doubt.

Q I am asking you, sir, and I don't know whether the reporter got it on the record, whether it would be a violation of this agreement, as well



as the 1952 agreement, if you had left the du Pont Company and taken a job in another company without the agreement of the du Pont Company.

A That would definitely be a violation of this contract.  
(39)

Q Is it your contention then that it would have been a violation of the November '45 contract and the 1952 contract if the engineering department had run out of funds and had been forced to terminate your services on this account? Would that have been a violation of the agreement?

A It would be an abandonment of the agreement.

Q Would that have violated the agreement, in your opinion?

A Yes, in that I would no longer be held. It would be their termination or abandonment of the contract. There is a secondary step, sir. You are asking me only the first, and I am in agreement with you. They can do this.

Q Had they --

A In doing it, they abandon the contract.

Q And would have given you the same rights --

A And I am therefore free. Such a thing makes me free of the continuing obligations of the contract and the statement concerning the long term contingency for this contract going beyond termination would no longer be binding.

Q Let us suppose that the engineering department ran out of funds and you did not want to be terminated. Is it your contention that you could not lawfully be terminated without your agreement under those conditions?

A I can be terminated, sir, and lawful, because this is a perfectly



lawful cause of discharge.

(40)

Q What other lawful causes for discharge are there? Let's say that you have a physical incapacity. Would that be a lawful cause for discharge?

A Sir, I asked the du Pont Company for the specific information you are now asking me for and it was refused. I am in a poor position to answer your question because the information was denied me by the defendant.

Q I am trying to find out what you mean by permanent employment. That is really why I am asking you these questions. Now I am asking you whether or not it would have been a lawful discharge under these contracts if du Pont had terminated you because of a physical incapacity you might have had.

A The term "lawful discharge" puzzles me. I would prefer, sir, if you would allow me to know whether the obligations of the employer to the employee are considered to be forfeited.

Q Considered to be what?

A Forfeited. I am unable to fathom your question in its true meaning, to the best of my knowledge and belief. I want to know, sir, in your question, whether you consider the defendant in terminating an employee who, because of bad health or otherwise, is considered no longer suitable for employment, that it is the privilege of the employer to terminate his services. I  
(41)  
agree that he does have the right to terminate the services. However, if the employment contains the provisions of our contract, the employee must agree or he could ask for the forfeiture of any form of equity that was given as a special consideration for continuity of employment.



Q. What was it in your case?

A. Patent rights.

Q. In other words, as I understand it -- and that is why I used the hypothetical situation -- where there were no patent rights, is it not true, sir, that under this contract du Pont would have the right to unilaterally terminate an employee?

A. Yes, sir, but, please, may I add, subject to adjudication of the court. I don't consider the question one by which you can expect me to forfeit by merely stating that they have the right to terminate, because you haven't included in your question any of the obligations that the company assumes in doing so.

Q. I am trying to find out how you interpreted this contract as of the time you entered into it and also how you now interpret it, and what I am trying --

A. Sir, with and without patent rights are two utterly different things. Without patent rights as plaintiff in this case and employee, I don't consider myself concerned.

(42)

Q. I would like you to be concerned with the plaintiff who has no patent rights and who has been terminated by the du Pont Company for no reason whatsoever. Is it your contention that in so doing, the du Pont Company violated the provisions of the contracts?

A. Are you including the paragraph 5 in this?

Q. Yes, I am.



A. I agree you cannot do so and that he has the privilege of adjudication of the failure of agreement, mutuality. Whatever he could choose at that time, I am not at the moment in a position to state any degree of choice. In other words, these are rights under the judicial system of law.

But you are --

A. I am saying the company has every right to discharge this man.

Q. But you are also saying that such a --

A. But if he does not agree that it is fair treatment, he has the privilege and right to take it to court under the mutuality clause. What he would gain, sir, is employment.

Q. I am asking you how you personally interpret this contract. I am trying to find out if such a person were discharged without his consent whether, in your view, under the terms of this contract, that would be a violation of the provisions of paragraph 5.

(43)

A. Yes, it would. Sir, allow me to --

You have answered the question. What is fine.

A. I can answer it very specifically.

MR. DAVIE: Let him explain his answer. He has a right to explain his answer.

MR. WINNICO: I believe you are referring to those obligations which extend beyond the period of termination. If there were no patent rights given him, no equity in exchange, and this man was summarily discharged by du Pont, whether it be for health or any other reason, du Pont, by its abandonment of



the contract and unilateral action, would have relieved this employee of the future obligations of this contract, irrespective of any legal -- any patent rights or other consideration.

I consider, sir, your question to be a question of a contract between two parties, a disagreement, (sic) one choosing unilaterally to abandon.

I am merely stating, sir, that they have a perfect right to do so, but they cannot come back later and hold the innocent party, the aggrieved party, to the terms of the contract which they chose to abandon.

BY MR. MCKAY:

Let us suppose that there were no provisions relating to the future, such as patent rights. In that situation then --  
(44)

A I have no comment that I could see of significance.

In other words, would it be your view, as you interpret this contract, that under those circumstances where the employee had no patent rights and there was no obligation that ran into the future that du Pont then could unilaterally abandon, or I should say unilaterally discharge this man for any reason whatsoever --

A Yes.

-- without violating the agreement? Am I correct in my statement?

A Without violating the agreement?

Yes.

A Sir, they cannot terminate this man without violating the agree-



ment because -- you said as a premise of your question-- if they do not abide by their agreement, sir, they have broken their agreement.

A You and I may --

A They release this man in toto and in entirety and he has a right to all his knowledge and know-how.

A Does he have the right to be reinstated in the du Pont Company as an employee?

A I see no reason why not. Again, sir, I must mention that this (45) information was denied me by du Pont. I am in a poor position to answer.

A What you are saying though, as I understand it, Mr. Maloney, is that under the November 5, 1945 contract and also under the 1952 contract, which contracts are the basis for this lawsuit, du Pont could not discharge you unless you agreed to be discharged? You, in turn, could not take a job with another company --

A Precisely.

A -- unless du Pont agreed to let you take that position, and also that du Pont could not lower your salary unless you agreed to have it lowered?

A That is correct, sir. I know of no statement in that question -- it was quite long, but I was not aware of any statement that I would question in any way.

A Would you like to have the reporter read the question back?

A I believe I will get that in writing for signature.

MR. MCKAY: Why don't you read the question back to him so he under-



stands it in full.

(The question was read by the reporter.)

BY MR. MCKAY:

Is that correct, sir?

A. As far as I can tell. It is an involved question and I note no discrepancy there that I would take exception to.

MR. DAVIE: Excuse me, counsel.

At the outset, this gentleman at the end of the table, the gentleman whose name is Mr. Schall, was noted as being present but not as counsel, is that right?

MR. MCKAY: You can list him as counsel. I don't care.

MR. SCHALL: Edward J. Schall, S-c-h-a-l-l, Legal Department, D. I. du Pont de Nemours & Company, Wilmington, Delaware.

MR. DAVIE: When I take it he will enter his appearance?

MR. MCKAY: I don't know whether he will. I suppose ultimately he will enter his appearance.

MR. DAVIE: The only reason I brought it up is that I noticed he was passing notes and questions to you.

MR. MCKAY: After all, I should think we would be entitled to have a representative of the company here, whether or not he is a lawyer.

MR. DAVIE: I just want the record straight. You said he wasn't appearing as counsel. It is all right with me as long as we keep the record straight.



BY MR. McILVAY:

Q Would your answer be the same to my last question, Mr. Maloney, if an employee of the du Pont Company was not performing satisfactorily?  
(47)

A du Pont has a right under the law to fire a person for cause.

Q I don't think you answered my question.

A I am sorry. Would you --

Q I will repeat it. Would your answer be the same, Mr. Maloney, if an employee of the du Pont Company who had entered into the same contracts entered into by you was not performing his job satisfactorily?

A Yes.

Q In other words, du Pont --

A I understand that part of the question, sir. The intended part that would normally be attached is what I am trying to fathom. I am in complete agreement that they can discharge this employee, but due process is required. There is no question they can discharge him, sir, but it cannot be pre-emptory and without responsibility, unilaterally.

Q Let us assume that we have an employee who had entered into the same contracts you entered into and, after careful consideration, it was determined by the du Pont Company that this employee was not performing his job satisfactorily. Could such a person be discharged by the du Pont Company without violating these agreements which are the subject matter of this lawsuit?  
(48)

A This, sir, is subject to adjudication in court, to the best of my knowledge, and I don't pretend, as I sit here trying to answer a question, to



stand in judgment. The company has the right to discharge the man. The man has the right to hold the company responsible under the law.

You have given me your interpretation of this contract in answer to the question that you termed rather involved.

A I --

I am adding a new factor. That is to say that we have an employee whose performance is unsatisfactory, and I am then asking you whether in such circumstances the du Pont Company could discharge that man, even though that man did not agree to be discharged.

A Sir, I am saying that you can discharge a man for being unsatisfactory at any time.

Then would that violate paragraph 5 of the agreement--

A If the man --

Could you let me finish my question, please?

A Surely.

Would that action violate paragraph 5 of the November 5, 1945 agreement?

A It would violate it and it would be a justifiable violation if it can be proven true.

(49)

Wait a minute. Let's say this man was performing unsatisfactorily and was discharged without agreement. I am asking you, sir, whether or not such action, such discharge, would violate the November 1945 agreement.



A If the man agreed he was unsatisfactory, it would not violate it. If he disagrees as to whether his work was satisfactory or unsatisfactory, he would have every right to claim a violation.

Q Then as I understand it --

A And proof would be needed.

Q In other words -- just a second, sir. The situation is that the du Pont Company has determined that the man's performance is unsatisfactory, and your answer is that if the man disagrees with that, then he cannot be discharged without a violation of the agreement; is that correct?

A Yes. I do not concede the privilege of standing in judgment to the exclusion of the employee.

Q I will give you another situation. That is, that we have an employee of the du Pont Company who signed the same agreements that you signed and was engaged in the same type of work that you were engaged in and the company determined that the employee was carrying only, let's say, 50 percent of the workload which a man of his experience should carry, following which the (50) du Pont Company unilaterally discharged that man without his agreement. Would that action by the du Pont Company violate the agreements which are the basis for this cause of action?

A I am not sure I understand your question because I think I have already answered it, and I am puzzled as to why it is being asked the second and third time.

Q In other words, your answer would be the same as before?



A I had given, I thought, very complete answers to this question.

Your answer would be yes, that it would be a violation of the agreements; isn't that correct?

A It is a conditional one, sir, and I don't wish to be the one, sir -- you are asking me to stand in judgment of the facts and I can't do so. If it is a justifiable cause of dismissal, they have a right to do so because the man had violated the contract before they laid him off.

In other words, you would say that a man who did perform unsatisfactorily had violated the contract?

A In other words, if you are conceding now that the man is simply unsatisfactory, period, du Pont has every right to turn him loose because he has long since violated his contract. He has done so, sir, in his failure to perform, but it is mandatory on du Pont to set this on the record.  
(51)

Mr. Maloney, I want to refer back to your earlier statement concerning a man's status prior to the time he completed his five years and ask you whether under your interpretation of these contracts his legal rights were different before the five-year period had elapsed than what they were after the five-year period had elapsed.

A Sir, I must ask in what areas the question is offered, because the enormity of the areas --

It is offered in the areas that we have been discussing. In other words, is it your --

A The binding -- allow me to state my understanding.



MR. DAVIS: Let him clear it up.

BY MR. MCKAY:

What I am asking you, sir, is whether or not prior to the completion of the five years the du Pont Company would have the right to terminate or discharge a man under these contracts, even though he had not agreed to be discharged.

A. No, I do not agree. I expect du Pont to live up to their word. It is their choice of words, sir. The employee didn't choose these words. I can see no reason why du Pont wishes to abrogate or ask the privilege of not living up to their word.

(52)

Am I correct, sir, in my understanding that you claimed the right to permanent employment for the first time in your first amended complaint which was filed in February of 1963? Is that a correct statement?

A. No, sir, it is not. I claimed that in my first original complaint.

That is a matter of record. We can check that. Let me ask you this then --

A. The word "permanent" is not in it, sir, but the continuity of service.

You now claim that you had a permanent employment contract?

A. In other words, because of advice of lawyers, the choice of words on the order of the court that this would be in proper form, the word "permanent" has entered this case. "Permanent" has many other parallel words and connotations. They are in the case, sir, from the beginning.



Q Is it your statement that from the very beginning that you took the position -- and by "the beginning," I mean at the time you were discharged -- that you had a permanent employment contract with the du Pont Company?

A Indeed, I did, sir. I quoted in my letter to Mr. Greenewalt, the President, my remarks that I made at the time they told me they were going to terminate me if I didn't take their advice and leave. Sir, I am in the position of being invited to violate my contract, and there is a very full documentation of this area in that letter and, furthermore, there is the admission in the answer that they are aware of these facts. There is not a single contest in the area, sir, and I have gone to great length to document the area of your question. They were warned specifically at the time, beyond a shadow of doubt, that I would not default.

Q Isn't it true, sir, that when you say they were warned, what they were warned of was that --

A I was fully aware of my rights under the contract.

Q Those rights were, were they not, as you stated them, that du Pont could not discharge you and at the same time claim ownership of your patents and your inventions? Wasn't that your claim?

A In its entirety, sir. Expand the patent area to completion and I agree completely.

Q Would you expand it for me?

A All patents previously filed, the entire equity. When a contract is abandoned, sir, the equity is not divided.



Q What do you include in the entire equity that you haven't stated in your last answer?  
(54)

A I didn't wish it to be divided any way. You were giving me an enumeration of certain aspects of the patent situation and I didn't wish to have it divided.

Q I am asking you whether or not it isn't true that in those discussions which you referred to, your claim and contention was that du Pont could not discharge you and at the same time claim ownership of your inventions and of your patents.

A And my patent rights.

Q And your patent rights. Isn't that --

A That is specifically what I stated, sir. I lumped it all into merely a simple statement to du Pont. I did not concede du Pont the privilege of terminating my services and retaining my patent rights. As I remember, those were my precise words and I think I wrote that in the Exhibit A.

Q What was really the totality of your claim, was it not?

A Correct.

MR. DAVID: Counsel, would you clear up one thing for me? What was the totality of your claim when?

MR. McKAY: I am speaking about as of the date of the discussions that he had at the time he was terminated.

BY MR. McKAY:

Q Am I correct?



(55)

A That is correct. In other words, before I was terminated.

Q That is what I understood you to mean.

A The matter of termination and all were not in existence at the time of this discussion. I was frankly very much amazed at the final method and mode of termination.

Q Was your claim later expanded beyond the statement that I have just made?

A When you say "expanded," sir, I told them also at the same time that if they chose to terminate me that du Pont, not I, would be the one who was abandoning this contract. I made that statement, sir.

Q I would like --

A It is in Exhibit A. It is admitted by a letter authorized by the president of the defendant corporation. There is no question that this statement was made.

Q I want to go back again to the period prior to your termination and during your termination and then after your termination when you had discussions with various du Pont people. Isn't it a fact, sir, that as of that period of time the totality of your claim was that du Pont could not discharge you and at the same time claim ownership to your inventions, your patents and your patent rights? Wasn't that your contention?

A When you say "totality," in that particular time it was. I ques-  
(56)  
tion the totality of the area. Now, sir, the contract in its entirety was very much in my mind at that time.



Q Wasn't this your claim, the statement that I have made, at that time?

A Sir, I have put into an exhibit a written statement that goes beyond your present question. If you wish, I will enumerate them and pick them out for you because you make it difficult for me to answer by ignoring the record you have in hand.

Q I am trying to find out what you claimed your rights were under these agreements that are the basis for this action.

A I wrote that, sir, in great detail in a 24-page letter.

Q I understand that, but now we are taking your deposition.

A All right. If you will allow me, sir, as I talk about one part of it, not to exclude what I have already written. As I discuss one aspect of this with you, sir, I don't wish to be put in the position, by my failure to have mentioned the other, to have abandoned it.

Q Tell me in your own words what you claim your rights are under the two contracts which you entered into with the du Pont Company.  
(57)

A We are at the moment, sir, asking for, I believe, three specifics. In a total sense, if my memory serves me right here, it is for all pay that was due me under a contract.

Q Tell me how much that was or for what period of time.

A Sir, it extends until I am age 65 or for a period of ten years beyond the date of termination.

Q What is the next one?



A It is for all patents past, present or future. The third is for damages, including all moneys to be accounted for that were paid or acquired in any manner because of these patent rights.

Q In other words, you claim that you are not only entitled to be on du Pont's payroll until you are 65, but you are also entitled to --

A Or until I am discharged for cause. I must reiterate, sir -- I don't think I made this statement because I didn't like to and I don't like to make it now, but du Pont has refused to fire me for cause.

Are you familiar with the term "cause" sufficiently to be able to state what cause would justify an employee of the du Pont Company to be fired under this contract?

A Yes. I can give you the specific one that I am repeating myself (50) for the record. Their invitation that I let them help me obtain employment elsewhere. I am aware, sir, that when I sign my name to a contract of employment or even an application of employment of another that I abandon this contract and it is grounds for immediate dismissal, dismissal for cause. This was a specific. I am choosing deliberately the specific area of contention, as I recognized at the time. There are many others.

Q Such as?

A Take drunkenness, take irresponsibility, take any of the forms of criminal acts. They are all, sir, subject. They are innumerable.

Q Can you enumerate any more of them?

A If you can tell me any particular area of interest, I will try to.



Q Physical incapacity.

A The term "physical incapacity," sir, is something that I must go back to the area that we had great difficulty with a while ago. It depends on the reason for physical incapacity as to whether or not it was in any way a result of employment and the employment environment.

Q I see. What other causes would there be that would be sufficient to unilaterally discharge a man who has signed this kind of contract or this specific contract?

A Sir, I must again, for the third time, mention that the du Pont (59) Company has refused to give me this information on demand and for you to ask me for an entirety, I do not think is in good order or good faith.

Q You are enumerating the rights you claim you had and still have under the contract. The first was all pay due until you are age 65. Now, isn't it true that the first time that you made such a claim was in your first amended complaint of February 1963, sir?

A Sir, the final page of my 24-page letter states this area in the words of the moment, not of the present, in which I told the du Pont Company, in a letter addressed to their president, that I considered myself still a loyal employee of the du Pont Company who had been unlawfully discharged. You will find that statement, sir, on the 24th page of my letter.

Q Was it your understanding, Mr. Maloney, as of the time you were hired and also during the course of your employment, that you had been hired to invent for the du Pont Company?



A Ch, very definitely, sir. I was specifically hired, as I mentioned in my first example, to develop a means of mechanically, automatically welding the bridge wires on electric blasting caps.

Q In other words, your duties in connection with your work were to invent or to improve devices? Wasn't that the nature of your duties?

A Definitely.  
(66)

Q You were paid a salary, were you not?

A I was started at \$475 a month, I believe, or \$460. It was either \$25 or \$30 a month below the pay that I had received at General Motors.

Q You were paid --

A I was told the one reason why the difference in pay was that this was much more permanent employment.

Q Who told you that?

A The discussion with C. E. Daniels. He is still alive, you can check it.

Q Mr. Daniels told you that?

A To the best of my knowledge and belief, he did.

Q That was on November 5, 1945?

A He was the specific person who talked money with me if I remember correctly.

Q In other words, your statement is that Mr. Daniels, on November 5, 1945, in explaining why you were receiving less money than you had received at General Motors, stated that this was permanent employment and that



was the reason why, or that was his explanation for a lower salary; is that correct?

MR. DAVIE: Objection. That isn't what he said.

BY MR. McKAY:

(61) Q Why don't you tell me what you said.

A I said "more permanent."

MR. DAVIE: That is it.

THE WITNESS: I am not using the term "permanent" in its absolute sense.

BY MR. McKAY:

Q Tell me again what Mr. Daniels said so I will be sure I understand it.

A In the discussion of my pay, I told him that I would be quite willing to accept approximately a 10 percent cut in pay in working for du Pont, and he explained to me that I could depend on this being permanent employment if I were satisfactory. Now, for 15 years, sir, I was satisfactory.

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(Page 70)

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Q Can you think of the names of any other persons who were your superiors who made statements to you concerning permanency of employment?

A I don't believe that I was assigned to any specific supervisor at any time that I was not assured by that supervisor, so you can include, sir,



every man who was my supervisor in the du Pont Company in this category, because every time you come up for your yearly appraisal this subject is discussed, so with each and every one of my supervisors this is a constant, recurring question, and it is discussed in great detail. Each time a man gets his yearly evaluation, which is required by the company, this is a primary area of discussion.

Q Did Mr. Rowe, R-o-w-e, tell you you had permanent employment in the du Pont Company?

A I do not think so because he has never given me -- I was on loan to Mr. Rowe. I never was actually assigned to him.

What about Mr. McNew, M-c-N-e-w? Did he ever make any such statement?

A I believe he did.

Are you positive he did?

A I can't imagine him giving me my yearly evaluation, which I believe he did, without going into this, and I am quite sure that this was discussed.

Q Saying you had a permanent job with du Pont? Is that what you say he discussed with you?

A The word "permanent," sir -- I prefer, if you will allow me, not to use the present day courtroom term and the law book term "permanent," but continuing employment. I believe you will agree that continuing employment has the same connotation. It is employment without end. There is no



stated ending. You are assured that, until there is reason for dismissal, you have a job with du Pont.

Q This is what Mr. McNew told you?  
(72)

A Yes. All of them, sir, were in this area. They do not use the word "permanent" employment. The company would not allow the use of such a word, I am quite sure.

\* \* \*

(Page 128)

\* \* \*

Q What about knowledge of the subject you were working on?

A I was rated far above average.

Q How about initiative?

A On initiative, I was rated above average, or average, at least.

I don't remember that specifically. I have the record, sir. You probably have it in front of you..

MR. LAVIE: Get it out. You have it.

MR. McKAY: That is all right. It is up to you.

THE WITNESS: In every technical category of competence of an engineer, I was rated average or above average.

BY MR. McKAY:

Q Isn't it a fact that you were told at that time that your performance was unsatisfactory overall by Mr. Morris?

A Only in the quantify of work produced.



I say "overall."

(129)

A No, I was not. I was told that on any job that I did that my work was superlative and they can find no errors anywhere, and to this day, I defy the defendant to name a single instance of where my technical performance was in any way in error.

Q Did you regard the evaluation report which you had attained at that time, or which you received at that time, as being a satisfactory evaluation report?

A With the exception of the quantity of work, sir. I can hardly go into detail -- let me add one detail because this is the controlling detail of this specific one. When I was put back in research, as I state clearly in the document, in my Exhibit A, I was told that all of the research funds for that year had already been assigned to the members of the group, that I was expected to go out and obtain my own project. In other words, support myself. I had to sell my services to the operating department. I did go out and I worked up a fine project in high sheer spinning from Caruthers Laboratory. The job was taken from me and assigned to another engineer. In view of that type of handling, I was told that I didn't produce enough work. I wish to put this on record --

Q Who --

A This is the same conference, sir, of the four people that we  
(130)  
have just finished speaking of, Kranz, Morris, Ward Myers. These statements were made by Morris and Kranz and I am quite sure were not shared in any way



by Mr. Ward Myers.

Q What was Mr. Morris' position at that time?

A He was in charge of the research, the mechanical research group.

Q Did you report to him indirectly?

A He was truly my supervisor, but they have a little section group supervisor. They have an assistant, so to speak. For instance, Morris would have, say, three men under him with a group of six engineers. Now, Kranz had the six, Morris had the mechanical research group as contrasted to the electro-mechanical.

Q Did you regard Mr. Morris as being a competent engineer?

A I have never considered Mr. Morris to be an engineer. His great ability is in organization.

Q What about Mr. Kranz? Did you consider him as a competent engineer?

A No. I am sorry, but you will have to tell me -- this becomes a curious thing, but I know of no job on which Bill Kranz ever came up with a technical answer. He was very expert at waving the flag and parading down the street once the band started to play, but he seemingly never had a tune of his own.

(131)

Q Your answer then to my question of a few moments ago would be that overall the evaluation report as given you at the time of this conference attended by Mr. Morris and others was a satisfactory evaluation report?



A With the single exception of quantity of work.

Q I am talking about overall.

A Overall?

Q Yes.

A They did not produce a single criticism of my work, sir. I don't understand the question because unless you can specifically state somewhere here that they told me my work itself was unsatisfactory -- I was told about my quantity of work and I pointed out to them that they had just taken a job from me that I had worked up and I wasn't allowed to work on it, even though I went out and got the money. They also told me that I would not even get credit. When a man is dismembered and taken apart and his own supervision won't cooperate with assigning him work, if you don't mind, sir, I would like to state right at this time that I would be within my legal rights to claim that du Pont violated my employment contract at that time by refusing to provide me with the tools and the plant to do research work. I was hobbled, I was restrained.

Q When did that --  
(132)

A In view of this, the statement of being told, "You are not satisfactory." I was told definitely that, if that is what you mean.

Q Were you told at that meeting --

A But I would not and I did not concede that this was a valid complaint.

Q Were you told that you were unsatisfactory at this meeting at-



tended by Mr. Kranz, Mr. Morris and the other gentleman?

A Yes. We had a tremendous argument and Ward Myers did not agree with my supervision. This is split supervision. He conceded that they had no right to do this, if they were doing this to me.

Q When did this condition begin to become apparent to you that you were having work taken away from you and that sort of thing? Did that start in 1959 or had that been taking place earlier, if you remember?

A It did not become apparent until I was transferred back into research.

Q When was that, sir?

A I would have to look up the date. It was approximately 1959, the beginning of 1959 or late 1959 possibly.

Q It that when you reported to Mr. McNew?  
(133)

A No. That is when I reported to Gene Morris. McNew did not take work away from me.

Q Can you give us other examples of work being taken away from you after you were transferred back to research?

A I can give you a very splendid example, sir. It was the final job on which I worked. In the list of Exhibit C of the second amended complaint, it is known as the bright metallic flake. This job had previously been worked on by another engineer. In essence, American Marietta had taken some of du Pont's stretched Mylar film, placed it in a vacuum and deposited aluminum on its surface by the sputtering technique. When you do this, you obtain a typical



astronomical mirror specular finish. Their engineers had probably by accident placed some of this in Methyl or other commercial solvents and learned that they could dissolve the surface coating on the Mylar film and release the metallic film. They had here a product of such improved optical quality that General Motors, learning of this, asked du Pont if it was possible for them to provide approximately 5,000 gallons of automotive finish for their 1963 Cadillac, I believe. When incorporated in a typical clear automotive finish, it sparkles literally like a diamond. It is only a few millionths of an inch thick.

Now, Bob Maugher was the engineer. This is an Irish spelling Maugher, (134) M-a-u-g-h-e-r, and it is spelled out with all the old Killarney. He had not succeeded and they were still going to attempt to make this product on a film such as Mylar and dissolve it off. I was given the job.

The first thing I noted in the file was the patent issued to American Marietta from the assignor, a Mr. McAdoo. In essence, I was asked to come up with an alternative to an established process in another company.

I considered my work on that to have been successful. I was not allowed to complete it. Therefore, that is in your question, sir. In other words, this job was taken away from me after I wrote a comprehensive report of a proposal, and in my last few weeks at work, I was constantly being asked if I wouldn't make a sketch, at least, of what I had in mind. I told them that I would gladly make a sketch for any mechanic in the shop who would build that device for me to continue experiments, but I saw no reason why I should make a sketch for another engineer who apparently wouldn't be competent to realize



or complete. Even though I had designated the process in its entirety in written and verbal form and set up the specifications, my own supervision seemed, sir, to lack confidence that they had a man who could do it, other than I.

Q Who was your supervision at that time?  
(135)

A I was with him only a very short time. Crombley. Now, he reported to -- I am very bad here. I am an absent-minded person. I concentrate and have much on my mind.

Q Rowe?

A Name another one. He is a fellow who had bags under his eyes. He has an allergy that is very peculiar. He has enormous bags under his eyes.

Q I don't have it.

A It doesn't matter. I will think of it.

What I wish to say here, sir, is that not only had they taken this job away from me, after I had studied it at their expense, but I would like to put in the record a typical quandry in my mind concerning it. Today American Mariette is Martin-Marietta. This is a patent and patent rights evolving from and parallel to an existing patent in a competitive company which I used to work for almost 20 years ago, and my question to you is simple, and I can summarize my entire case. Could you object to me going to Martin-Marietta, working for Bill Bergen, who I worked for when I was in the B-26 flight tests, and continuing my work on the making of a bright flake in a vacuum?

I am unable to answer that.



A. This job was taken from me, sir. I am divided on this job. My knowledge and my experience I am denied by the defendant, even though (136) I was attempting to take and get around a competitive process already patented.

I admit fully that I am competent to come up with a new process that could be patented, and I think I have one. The question is would I be able to work even for a previous employer for whom I signed the same equivalent contract of employment 20 years ago? I assume, sir, I am denied this privilege.

Mr. Maloney, can you think of any other instances in 1959 and 1960 when you had work taken away from you?

A. It is normal, sir, in research and development, to pass a job around, and it is to the advantage of the company to do so. Many of my jobs came to me from other men and likewise were transferred from me to others. Many times this is not taking a job away from a man--

Q. Give me an example.

A. -- but searching for more and better.

Q. Give me an example, if you have any.

A. The major one was the high sheer spinning. This was an outrageous thing.

Q. When did that occur?

A. When I was in mechanical research, transferred back about 1959.

Q. Any others?  
(137)

A. This was the most -- when that happened, I knew I was in for trouble. That is when I trimmed sales, (sic) and I would like to state, sir,



that when a person faces this and you realize that your supervisor is looking for the excuse, it is quite logical a person would reduce the total amount of work that he is capable of. I do not believe that the entire responsibility rests with the employee.

What supervisor was looking for what excuse? I didn't quite understand that statement.

A Bill Kranz, Gene Morris and, quite obviously, some supervision that I am not able to name -- I would gladly name them if I could -- in the textile fibers department who were determined the rabbit wasn't going to get out of the hat.

What does that mean?

A It means that I couldn't succeed. Research and development, sir, is a creative endeavor. It is very easy to shackle a man or handling (sic) him by such means that he cannot come up with the solution.

Are you stating that Mr. Morris, Mr. Kranz and perhaps other individuals in the company were determined that you would not succeed? Is that your statement?

A In that particular area, I am stating that they blocked me, and there is ample evidence to prove that. High sheer spinning could have been (130) worth millions of dollars to du Pont. I can give you a dissertation on it if you wish. It is rather completely delineated. It is well known. Today it is known as mechanical grafting of polymer(s). You can make co-polymers that are incompatible by other means, meaning that in the temperature/time relationship,



one would cure completely before the other one would become mechanically stable. You can put them in a high shear device, each advanced to optimum degree of polymerization for the viscosity of the process at that temperature. High shear means that you pull apart the long chain molecules and the nascent molecular forces are attracted momentarily during that instant and you can make co-polymers by this method.

Now, this is the area where the personnel at Caruthers Lab chose me above others to do this job. They offered me the money to do it. They were told their money was no good, that they couldn't do it, that it would have to come from a plant, and when it did come from a plant, the job was taken from me and given to a Dr. McNealy, a Ph.D.

Q Where (sic) there any other instances in '59 and '60 where work was taken away from you as you have mentioned heretofore?

A This placing of strain gauges in a tire would possibly come in the category that you mentioned, in that I was summarily terminated from doing that work right at the moment of success.  
(139)

Q This is '59 and '60?

A This is just previous to it.

Q Any other?

A I don't know of any -- this did not occur during the tenure of when C. R. Johnson was director of the mechanical development laboratory. This type of thing never occurred.

Q I would like to get back briefly to your conversation with Mr.



Crittenden. What was in November of 1960; isn't that correct?

A Yes. I think around November the 20th, or something.

Q As I understand it, he reviewed your work with the engineering department over the period of time that you were with --

A On the contrary, sir. He refused to review my work. I specifically challenged him to name a single instance where my technical performance was not satisfactory. He admitted, sir, that he could not, and, to this day, I don't think you can get him to.

Q I am going to ask you the questions and ask you whether he said this to you, and I don't ask you to admit them. Did he not tell you that you had started out well with the company, but that your performance had deteriorated?

A Yes.  
(140)

Q He did?

A Yes, he did.

Q He told you, did he not, that principally this was due to the fact that you could not adapt yourself to people with whom you worked? Did he tell you that?

A He may have used those words, sir, but I don't remember them as such. I remember the discussion being my unwillingness to transfer from research to group supervisor of mechanical design, of which I had no interest. I told him that the timing and all of the complaints concerning my work was when I was transferred, over my protest, from research to supervising work



that they had no business transferring me to.

Q Who did you protest to?

A This was completely to Crittenden, and this goes back, sir, long before then. I was transferred to AEC work.

Q Didn't Mr. Crittenden tell you at that time that the company had decided to terminate your services, that is, in November of 1960?

A No.

Q He didn't tell you that they had been exploring the possibility of transferring you to other departments without success? You don't remember that?

(141)

A Sir, there were two meetings a week apart. To date, the case doesn't recognize that and considers there was only one meeting. Allow me to elaborate why there were two meetings.

I am quite sure the second meeting encompasses what you are asking me, but not the first. I am quite sure that when I told Mr. Crittenden that I would not voluntarily leave the du Pont Company, this was a form of conduct unknown because they were doing me a favor of finding me a job somewhere else, and it is quite normal that du Pont can obtain from the employee this type of an abandonment under the law. I refused to do so.

Within the week, I was called back in, given a lecture at great length of how du Pont would like to help me get a job.

Q This is by Mr. Crittenden?

A Yes, and, incidentally, the later one -- there was still another



one when Tom Blake and what-you-call-it was present. This was not one or two meetings. The second one is when much of the information you are seeking was stated. This was stated at the second meeting, not the first time.

Q This again was in November of 1960, wasn't it?

A I think that was December.

Q At least as of the date of your meeting with Mr. Crittenden, you knew that du Pont had decided to terminate your services; is that correct? (142)

A I knew that the mechanical development laboratory and the development engineering division and very probably the engineering department had decided to terminate my services, but I fully expected, sir, to find support in the operating department. Mr. Crittenden told me that I would find that this was not true. I learned that he was right.

Q He told you that he and others had explored with other departments the possibility of taking you on, did he not?

A He went beyond that, sir. They more than explored the possibility. He could tell me with assurance that he had guarantees that I would not, and I know certain individuals in other departments who wanted very much to have my transfer effected. It was blocked.

Q Who wanted to have your transfer effected?

A I have given you the name of Dr. Freterson for one.

Q Any others?

A I am quite sure that Jack Howling of Caruthers Laboratory would have taken me any day of the week.



Q Did he so tell you?

A I don't remember Mr. Bowling -- I never asked that question, but his admiration of my work and ability was unrestrained.

Q Do you have any basis for stating that Mr. Crittenden or anyone else blocked your going to work for Mr. Bowling?  
(146)

A Please. I am sorry. Mr. Crittenden only did what he was told, sir.

Q Do you have any reason to believe that anybody blocked your going to work for Mr. Bowling or Dr. Bowling?

A I asked to see only one person in higher management. It was C. B. Daniels who had hired me. He was at the time in two official positions, and forgive me if I include the second because there is just a chance that there may be a connection. I don't know.

In the first place, he was assistant chief engineer, and, probably by virtue of that, he was the Grand Master of the Masons of the State of Delaware. He was one of the two men who had sought my services originally. He had hired me, approved every raise, and I knew if anyone was doing it to me, no one down the line could very well do it without his knowledge and consent.

Q Being what to you? I don't quite follow.

A What we have been discussing, being handled, blocked, railroaded.

Q Go ahead. Excuse me.

A Now, I had an appointment, over much raising of the eyebrows,



at 1 o'clock following my second meeting with Mr. Crittenden. Mr. Daniels said, "Yes, I know about it." Nothing like this happens without the assistant (144) chief engineer knowing about it and agreeing to it. He said, "My advice to you is go somewhere where nobody knows you and start all over again."

I would like very much later, sir, to put C. B. Daniels on the stand and have him give the court any conceivable reason as justification for this statement.

Q Did he concur in Mr. Crittenden's decision that it would be better for you to work elsewhere? Did he not concur in Mr. Crittenden's decision?

A He went far beyond that, sir. He told me if he were I, he would give me the advice to go somewhere where nobody knew me and start all over.

Q Did he tell you why he would give you that advice?

A No.

Q How long was this --

A I thanked him for the finest job I ever had in my life and had nothing further to say, and neither did he.

Q How long did you speak to Mr. Daniels; do you recall?

A Less than five minutes. In fact, the meeting was broken up by the chief engineer who walked in and summoned him to a conference. There were very few words between C. B. Daniels and I.

Q Was C. B. Daniels familiar at all with the work you had been doing with the du Pont Company, if you know?  
(145)

A Completely.



That about Mr. Hadrick? Was he familiar?

A. No. I had the impression that he was very hurt at witnessing what was happening. He is the only one who asked the question in any way attempting to seek information, and he asked if there were any other patents other than pneumatic spinning of yarn in question. I assured him there were.

Q. Did you mention to Mr. Crittenden or to Mr. Daniels your contention that you had a permanent contract of employment with du Pont?

A. I did not mention that to C. D. Daniels. I had no opportunity.

Q. Did you mention it to Mr. Crittenden?

A. Completely, and in the presence of Crittenden, Hadrick and Tom Blake, I stated what, to the best of my knowledge, is in Exhibit A in the last three pages concerning what I said to these people.

Q. Going back to your two meetings, however, with Mr. Crittenden, did you state to him that you had a permanent employment contract with du Pont and that you could not be discharged without mutual consent, or words to that effect?

A. No, I didn't discuss any such language, sir.

Q. Did you use any such language to Messrs. Daniels and --  
(146)

A. My language is in -- I can read it for you and I can repeat it for you now, to the best of my knowledge and ability. It was made to all three of them.

Q. What was it then?

A. I do not concede that du Pont has the privilege of terminating



my services and retaining my patent rights. You cannot use a contract to defraud. Approximately equal value must pass between the parties.

Q In other words, that was again, as I tried to develop before, really the totality of your claim as of that time, was it not, that du Pont couldn't discharge you --

A I didn't say they couldn't discharge me.

Q -- and at the same time --

A I told them that if du Pont chooses to terminate my services, the du Pont Company, not I, will be abandoning this contract. I made that statement, sir, with absolute finality.

Q And every time you made that statement, you tied it to your patent rights, did you not?

A Please. When I made the statement about abandoning the contract, that statement was made first. The statement concerning the patent rights, they could not terminate my services and retain the patent rights, was made secondarily. The first statement I made to them was concerning their (147) choice of terminating. I stated without equivocation that should they choose to do so, which was their privilege, that they, not I, would be abandoning this contract, and I have the letter back signed by Mr. Lewis, head of your personnel department.

Q Mr. who?

A Mr. Lewis, head of your personnel, commissioned by the President of the company, Crawford Greenewalt, stating that they are aware



of these facts.

Q But the fact is, is it not, that at no time, either in your conversations with Mr. Crittenden or in your meeting with Mr. Daniels or in your later meeting with Messrs. Daniels, Hadrick and Blake, did you state that du Pont could not discharge you unless there was mutual consent. You never made any such statement?

A Of course not, no. I wouldn't today. I do not question the right to discharge me.

Q I am adding "without mutual consent and without violating the agreement that you had with du Pont."

A You must, please, allow me to say that there is an absolute basis of the very first answer that I gave Mr. Crittenden. I stated, "I will not voluntarily leave the du Pont Company." I think you will concede, sir, that having that as a base, all areas of the type of statements that you are asking me about would not normally occur.  
(140)

The only secondary statement to follow it up with is that should du Pont choose to terminate me, that they, not I, would be violating or abandoning this contract.

Q Is it a fact, however, that at the meeting with Daniels, Hadrick and Blake, you did not tell them, you did not contend or claim, that du Pont could not discharge you in the absence of mutual consent --

A I --

Q -- and, in effect, if they did so, they would be violating the con-



tract?

A Ch, I did, sir. I can repeat the words of Thom Blake to the best of my knowledge. He said, "That you are saying is, or according to you, du Pont has to hire you for the rest of your life."

Q What did you say to him?

A I said, "That depends on whether or not they want my patent rights."

Q Is the statement that I made a moment ago correct then, that you continuously tied your patent rights with your claim that du Pont could not properly discharge you? In other words, wasn't it your claim and isn't it your claim now that du Pont cannot discharge you and at the same time claim and (149) retain ownership to your patent rights? Isn't that the basis of your claim?

MR. DAVIL: I am going to object to this. You have been over this 15 times, the same question. How many times are you going to go over it? We will be here all night. If this isn't the 15th time you asked that question, I will eat my hat. When are you going to give up?

MR. McILAY: Are you going to instruct him not to answer?

MR. DAVIL: I want the record to show that you are wasting my valuable time and his and I hope your own, but this is the 15th time you have put the same question and you have gotten an answer to it.

MR. McILAY: That is a matter of opinion.

THE CLERK: I will gladly repeat what I stated before.

My first statement was that I would not voluntarily leave the du Pont



Company. My second critical statement there, and they were in sequence, was that should du Pont choose to terminate me that they, not I, would be abandoning this contract. In the discussions that followed, I made the statement, "I do not concede the du Pont Company the privilege of terminating my services and retaining my patent rights." This was a single, solitary statement following the previous two.  
(150)

MR. DAVIE: Could we vary the procedure a moment and let me put one question to him? Maybe you will get a satisfactory answer to those 15.

MR. MCKAY: Go ahead and ask the question.

MR. DAVIE: Mr. Maloney, is it or is it not your position that any person who is party to a contract has a right to breach, abrogate, suspend, annul any contract which they may make at any time they want?

THE WITNESS: Yes.

MR. DAVIE: And along with that, they may have to answer in damages or whatever forfeitures or penalties they may have to surrender when the opposite party brings them to book? Is that not your position?

THE WITNESS: Precisely, and my refusal to give a blanket answer to du Pont's right to terminate is completely because of that condition.

MR. DAVIE: Do you think you have the answer, Counsel, on that same question that you have been trying to get 15 times?

MR. MCKAY: I don't believe I have to answer questions like that, Mr. David.

MR. DAVIE: In the interest of conservation of all our time, let's be a



little bit reasonable, whether you think he has answered the question or not.

You know you wouldn't be permitted to do that in court.

(151)

MR. MCKAY: Don't try to give me lectures, Mr. David, please. Really, it is very painful to have to listen to that.

MR. DAVID: It is more painful to me to listen to 15 questions of the same kind that you put on the record today.

BY MR. MCKAY:

Q Mr. Maloney, do you recall Mr. Moulton and you talking on the telephone some time after your meeting with Messrs. Daniels, Hadrick and Blake?

A Is he the man who called me and wanted to help me find employment?

Q Yes, sir, that's right.

A I refused.

Q Yes, I know. He, if you recall, was the head of the personnel section of the engineering department.

A Yes.

Q Can you tell us, sir, your recollection of that telephone conversation with Mr. Moulton?

MR. DAVID: I am going to put an objection on the record to these leading questions and to counsel testifying. If counsel wants to testify, you will be sworn in and do that.

MR. MCKAY: Mr. David, you know as well as I do that this is a plain-



tiff and I can lead him all I want to on deposition, and the rule so provides.  
(152)

MR. DAVIE: It is your deposition.

MR. McKAY: That's right, and he is a party plaintiff and I can cross-examine him, and you can look it up.

MR. DAVIE: I don't know what you are cross-examining him on.

BY MR. McKAY:

Q Do you recall the conversation with Mr. Moulton?

A Yes, I recall it very well. I was expecting it.

Q All right. Go ahead.

A I had already answered the question at least three or four times to Mr. Crittenden, Mr. Blake and Mr. Halrick.

Q What was that answer? I didn't hear that.

A That the company wanted to help me, that they wanted to help me get a job and get a job where it would be better for me. I told them that I was well aware of the consequences of such an act and that I had no intention of voluntarily leaving the du Pont Company and abandoning my contract. Now, when I received the call from Mr. Moulton, I recounted this to him. He still insisted that they wanted to help me.

You must allow me, sir, to consider that form of invitation to be in the category we normally today refer to as the spider and the fly. I knew the minute that I signed an application of employment with another company that  
(153)  
du Pont would have documentary evidence of my abandonment of my employment contract. I told him I would not sign an application for employment. I went



further than this. On the day following my termination, I called up the head of personnel of the textile fibers department and I had quite a conversation with him and I told him I was seeking employment and offered to come down and make a written application to the textile fibers department for continuity of service and protection of patent rights. That afternoon, he called me back and told me that I was still eligible for employment in the du Pont Company according to the records, but they did not have a job for me at that time, that there was no reason why I should come down and fill out anything more, that they had the normal records of the company available to them and it would be superfluous to fill out another set.

Q Didn't he tell you, sir, that you would be eligible for consideration for re-employment? Isn't that what he told you, in fact?

MR. DAVIE: Objection to the question.

THE WITNESS: Sir, I don't understand the difference. I said that he told me that I would be eligible for employment. I don't understand that there would be a difference if you put the word "consideration" ahead. I wouldn't expect him to invite me to waste my time.

(154)

BY MR. McKAY:

Q As I understand your testimony, Mr. Moulton offered to assist you in obtaining employment; is that correct?

A Yes. May I add one more thing, because it fills and completes the story there in that effort of getting me a job?

I assured the man -- and momentarily his name isn't on my tongue --



who was head of personnel at textile fibers, that I would be waiting.

Now, this was a continuing, unvarying demand of the plaintiff to work for the defendant or to be scott free of all encumbrances. There has never been on any part of my conduct a willingness to compromise that.

Q As I understand it, you have not been interested, nor have you made any effort in obtaining employment --

A I refuse to become the servant of two masters.

Q Wait a minute. Let me finish the question. You have made no effort, as I understand it, or are you interested, in obtaining employment in any company outside of the du Pont Company?

A On the contrary, sir.

Q Outside of the du Pont Company?

A I did try. I can delineate two specific areas. The first was with American Potash in the New York office.

(155)

Q When was that, sir?

A At the time of my filing the original complaint. It was filed on a Tuesday and served here on Mr. Frederick Schafer of your legal department in the National Press Building at about 1:30.

Q If that helps you, that was November 27, 1962.

A I remember as days of the week, it was on Monday morning du Pont filed the American Potash-Hirsch suit of very, very much interest to me because this was the complete documentation of the type of handling that I did not wish to expose myself to. I went to New York shortly thereafter with



complete Xerox copies of my case, entered the offices of American Potash and talked with Mr. Scott's secretary, a Mrs. Marina. Mr. Scott was out of town. I left with her a complete set of papers of my case, without the attachment of exhibits. I did not give what could be called at the time, and I was still retaining, records that were confidential.

I went back a second time and saw Mrs. Marina and did not catch Mr. Scott in his office. I made a third attempt here in Washington. He usually spends Thursday or Friday of the week here and has offices, and I knew his secretary's name. Momentarily, her name is not on my tongue, but I tried to make arrangements through her to meet Mr. Scott, who I understand is vice president in charge of the legal department of American Potash.  
(156)

A primary reason was to find out whether American Potash was willing to accept an employee, under the threat of indenture, who was in the opposite position to Hirsch, in that I was the aggrieved party. I was never able, sir, to obtain an answer in any form from Mr. Scott. I have never been able to contact Mr. Scott, although I made three specific attempts in the offices. I have not written any letter that would form documentary evidence, though I wish as much as possible to do so accurately, and I also, sir, just in the last few days, have written a letter, on advice of counsel, to the Hercules Powder Company asking would they consider me for employment under these circumstances, and I transmitted in that letter the objection for the motion to dismiss, the hearing before Judge Youngdahl, the four-page opinion written by Judge Youngdahl and the affidavit which is part of our request for summary judgment. I also in-



cluded a copy of the original contract of employment.

Q Have you filed a motion for summary judgment in this case? Go ahead with your answer. When did you talk to the American Potash Company or Mrs. Marina? Do you remember that?

A In December just before Christmas. Probably around the 10th of December, I would estimate.

Q What would be 1962; is that correct?

A Yes.  
(157)

Q Have you made any other attempts, Mr. Maloney, other than the two you mentioned, Hercules and American Potash, to obtain employment outside of du Pont?

A Only by asking friends of the suitability or chances of employment, but I made two contacts definitive in this opinion that I mentioned.

Q The two that you mentioned?

A No. They are two patent attorneys in the State of Delaware. I made, as the case recites, 11 attempts in the State of Delaware, many more outside. Among the 11 within the State of Delaware was one to John J. Morris, who referred me to a junior member of his firm who is a patent attorney, Lyons. He listened to me for approximately two hours, read my original complaint in its entirety and advised me not to bank on any of the local corporations, such as Hercules or Atlas, hiring me, that he was quite sure that there was more than a mutual agreement between them that when one company terminates a man, the others will not hire him. The only exceptions to this were



known when du Pont laid off 1000 engineers at once from the Louviers Building.  
A number of these men were hired by Hercules.

A second contact was an attempt --

(150) Q When was that contact? I didn't get the date.

A I can give you the date exactly, sir. May the 8th, 1962, Edward  
L. Lyons, L-y-o-n-s.

The second patent attorney who offered an opinion in this area was Miss  
Erereton Sturtevant of Connolly, Eove & Lodge.

Q Where are they located?

A Beneficial Building.

Q Wilmington?

A Yes.

Q What did Miss Sturtevant tell you?

A I quote her in my affidavit. It was she who said, "After all,  
no one seeks litigation with du Pont, not knowingly." No one knowingly seeks  
it. In other words, deliberately. This was her complete rejection of all pos-  
sibility of my obtaining employment in this area.

I am aware, sir, that under the law, I am not required to seek employ-  
ment away from home or in other areas of experience. The date of Miss  
Erereton Sturtevant was September 24, 1962. I have not made any contact  
seeking employment where I would be required to sign an application for em-  
ployment because I will not sign any formal statement that would be prejudicial  
to my legal standing from an equitable basis under the rule that those who seek



equity must do equity. I don't wish to become a servant of two masters or to cloud the issue. I consider the issue clear and I wish to retain it in its purest form.

(159)

Q Do I understand that you have not earned any income since you were terminated by du Pont?

A That is correct. I considered that du Pont had refused to allow me, sir, to continue in my employment and in areas of experience. I am threatened and any employer is threatened with prosecution should I dare to do so.

\* \* \*

(Page 200)

\* \* \*

BY MR. LAVER:

\* \* \*

(Page 209)

\* \* \*

Q Directing your attention to a question and answer on direct examination, a great deal of answer and question between you and Mr. McKay about the five and ten-year pins and the ceremonies attended thereto, is it your thinking that what was said at the five-year pin ceremony and the ten-year pin ceremony would be a determining factor of your permanency of employment? Would that be the only thing that would determine your permanent employment?



A. It had little or no bearing. It is merely a means of improving employee morals. I can assure you that there is not a du Pont employee today that is not assured that his job is secure as long as du Pont needs a person of his type and services and he can perform them adequately. This is the policy of the du Pont Company and I am in complete agreement with it. It falls down as one individual bucks another in a fight for power.

\* \* \*

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Filed Sep. 25, 1963

OFFICIAL TRANSCRIPT OF PROCEEDINGS

\* \* \*

(Page 20)

\* \* \*

THE COURT: Why didn't you file a cross motion?

MR. MCKAY: It was a time problem, Your Honor, to tell you the truth.

\* \* \*



(Page 35)

\* \* \*

#### OPINION OF THE COURT

THE COURT: The plaintiff moves for summary judgment on Count 3 of the second amended complaint. That count attempts to set forth a (36) cause of action for damages for wrongful discharge of the plaintiff by the defendant.

The plaintiff was employed by the defendant under a written employment contract which the plaintiff claims should be construed as providing for employment for life, subject to termination for cause only. The Court is of the opinion that the plaintiff is in error in so construing the contract.

The original contract of November 5th, 1945 provides, in the fifth paragraph, that the employer shall employ the employee or continue his employment at a wage or salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said employer and said employee. Obviously that meant that the employment could be terminated at any time by either party.

The second contract of January 9th, 1952 contained a similar provision. It provided for employment of the employee by the employer at a wage or salary for such length of time as shall be mutually agreeable. Obviously it did not mean that unless both agreed to terminate the employment the employment could not be terminated. On the contrary, the contract is



subject to no other construction - it is not even ambiguous - but that either party could terminate the employment at will.

Consequently, the plaintiff has no cause of action for wrongful discharge.

These considerations suffice for a denial of the motion for summary judgment as to Count 3.

The Court might add, however, that even if there was a cause of action there are numerous questions raised as to whether there was good cause for discharge, as to what the amount of damages were. Consequently, in no event can this cause of action be disposed of in favor of the plaintiff by summary judgment.

The motion is denied.

MR. MCKAY: May I present an order now, Your Honor, because I am leaving town this afternoon.

THE COURT: You may show it to the other side.

Any objection as to the form of order, Mr. David?

THE DEPUTY CLERK: There is also a motion for protective order.

MR. DAVIS: That is a moot matter now.

THE COURT: Very well. Then the motion is withdrawn?

MR. DAVIS: Yes, sir. This order I have no objection to, the form of the order.

THE COURT: Very well.



Filed Sep. 25, 1963

ORDER

The plaintiff, having moved for summary judgment as to Count Three of the Second Amended Complaint herein, the defendant having opposed said motion with supporting affidavits, and the Court having considered the pleadings, affidavits and the plaintiff's deposition on file, and having heard oral argument with respect to said motion, it is this 25th day of September, 1963,

ORDERED: That plaintiff's motion for summary judgment as to Count Three of the Second Amended Complaint herein be and it is hereby denied.

/s/ Alexander Holtzoff  
Judge

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Filed Oct. 25, 1963

DEFENDANT'S MOTION FOR SUMMARY JUDGMENT  
ON THE SECOND AMENDED COMPLAINT

Defendant moves this Court for an order, pursuant to Fed. R. Civ. P. 56, granting defendant summary judgment on all counts of the second amended complaint. The grounds for this motion are as follows:

1. Under Employees' Agreements dated November 5, 1945, and January 9, 1952, all of the patents and alleged inventions and improvements, title to which plaintiff seeks in this action, and which are the alleged basis for plaintiff's claim for damages and accounting for past profits realized by defendant, are the exclusive property of defendant.
2. Those said patents and alleged inventions and improvements, even apart from the express provisions of the said Employees' Agreements, belong, as a matter of law, to defendant.
3. In any event, plaintiff, as a matter of law, cannot recover any amount from defendant on account of alleged profits to defendant derived from its use in its business of plaintiff's alleged inventions and improvements, because defendant, at the very least, was, and is, entitled to "shop rights" in said alleged inventions and improvements.
4. Plaintiff, as a matter of law, is not entitled to damages for wrongful termination of his employment by defendant, because plaintiff's employment was terminable at will.



/s/ James C. McKay

/s/ Edward J. Grenier, Jr.  
701 Union Trust Building  
Washington 5, D. C.

Attorneys for Defendant

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Filed Oct. 25, 1963

DEFENDANT'S MEMORANDUM OF POINTS  
AND AUTHORITIES IN SUPPORT OF ITS  
MOTION FOR SUMMARY JUDGMENT

Material Facts.

Plaintiff is a former employee of defendant. His employment commenced on November 5, 1945, and it was terminated on January 13, 1961. Plaintiff was hired as a Development Engineer. He worked, in various capacities, as a Development Engineer or Research Engineer during his entire term of employment by defendant.

On November 5, 1945, plaintiff and defendant executed an Employees' Agreement, which is attached to plaintiff's amended complaint, and is incorporated by reference into the second amended complaint. That Agreement provides that all improvements and inventions developed by the employee during his employment, relating in any way to matters which might be or become the subject of investigation by defendant, shall be the sole and exclusive property of defendant. It further provides that any patents obtained



on such improvements or inventions must be assigned to defendant. That Agreement also contains the following provision:

"FIFTH: That said Employer shall employ said Employee, or continue his employment (as the case may be), at a wage or salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said Employer and said Employee."

On January 9, 1952, plaintiff and defendant executed another Employees' Agreement containing essentially the same provisions. That Agreement provided, in part:

"NOW, THEREFORE, in consideration of and as part of the terms of the employment or continuation of employment (as the case may be) of the Employee by the Employer, at a wage or salary and for such length of time as shall be mutually agreeable, it is agreed as follows:"  
etc.

In his second amended complaint, plaintiff alleges that he developed several important inventions during the course of his employment by defendant, and that patents were obtained on two of those inventions. He further alleges that defendant wrongfully terminated his employment, in breach of the Employees' Agreements of November 5, 1945, and January 9, 1952. Because of that alleged wrongful termination of his employment, he claims that he is entitled to damages for the wrongful termination itself, damages arising from defendant's alleged use of his patents and inventions, and accounting for past profits defendant allegedly realized on account of its use of plaintiff's patents and inventions, and title to those patents and inventions.



Points and Authorities.

1. Under the Employees' Agreements of November 5, 1945, and January 9, 1952, all of the patents and alleged inventions involved in this action are the sole and exclusive property of defendant. Those Agreements also plainly provide that plaintiff is obligated to assign to defendant any patent obtained on any improvement or invention developed by plaintiff during his employment by defendant, even if such patent is obtained following the termination of plaintiff's employment. These Agreements are valid and binding. See, e.g., Patent & Licensing Corp. v. Olsen, 122 F.2d 522 (2d Cir. 1951); Marshall v. Colgate-Palmolive-Peet Co., 175 F.2d 215, 217 (3d Cir. 1949); Annot., 153 A.L.R. 923, 995.

2. It is clear from the face of the complaint that plaintiff was hired to invent. Moreover, plaintiff so testified on his deposition in this action, taken by defendant on July 24, 1963. (Pl. Depos., p. 59.) Under these circumstances, even apart from the Employees' Agreements, plaintiff's patents and alleged inventions belong, as a matter of law, to defendant. See, e.g., Standard Parts Co. v. Peck, 264 U.S. 52 (1924); Shook v. United States, 238 F.2d 952 (6th Cir. 1956), cert. denied, 353 U.S. 924 (1957); Marshall v. Colgate-Palmolive-Peet Co., supra; North American Philips Co. v. Brownshield, 111 F. Supp. 762 (S.E.N.Y. 1953). See generally Annot., 15 A.L.R. 1177, 1184-89 (1922), supplemented, 32 A.L.R. 1037, 1038-39 (1924); 44 A.L.R. 593, 594-95 (1926); 35 A.L.R. 1512, 1516-18 (1933); 153 A.L.R. 983, 987-91 (1944), and the numerous cases cited therein.



3. In addition to the reasons set forth in paragraphs 1 and 2 above, there is a further reason why plaintiff is not entitled to recover damages on account of profits to defendant from its use in its business of plaintiff's alleged inventions, and why plaintiff is not entitled to an accounting for such alleged past profits. The second amended complaint clearly indicates that plaintiff developed his alleged inventions by making use of defendant's facilities and materials; it is further apparent that plaintiff developed these inventions on defendant's premises during his normal working hours. Plaintiff reiterated these facts in his deposition. Under these circumstances, defendant had, and has, inalienable "shop rights" to use plaintiff's alleged inventions in the course of its business. See, e.g., United States v. Lublier Condenser Corp., 289 U.S. 170 (1933); Hapgood v. Hewitt, 119 U.S. 226 (1886); Consolidated Vallee Aircraft Corp. v. Maurice A. Garbell, Inc., 204 F.2d 946, 949 (9th Cir.), cert. denied, 346 U.S. 873 (1953); Marshall v. Colgate-Palmolive-Feet Co., supra; Kinkade v. New York Shipbuilding Corp., 21 N.J. 362, 122 A.2d 360 (1956); Annot., 61 A.L.R. 2d 356, 372-74, 394-97.

4. Under the plain language of the Employees' Agreements, plaintiff's employment was terminable at will. The courts have so held in construing contracts containing language even more favorable to plaintiff's interpretation of his Employees' Agreements than the language actually contained in those agreements. See, e.g., Superior Concrete Accessories, Inc. v. Kemper, 264 S.W.2d 490 (Mo. 1955); Faisley v. Lucas, 346 Mo. 327, 143 S.W.2d 262 (1940); Mallory v. Jack, 281 Mich. 156, 274 N.W. 746 (1937); Faulkner v. Des



Moines Drug Co., 118 Iowa 120, 90 N. W. 525 (1902). As noted above, plaintiff was hired to invent. On the authority of the cases cited in paragraph 2 above, any resulting patents and inventions therefore belong to defendant, as a matter of law. Under these circumstances, plaintiff did not provide any separate and additional consideration for his Employees' Agreements, over and above his services, which would render his employment not terminable at will. See Superior Concrete Accessories, Inc. v. Kemper, supra. Consequently, defendant was entitled to terminate plaintiff's employment at will, and it therefore cannot be held liable to plaintiff for damages for wrongful termination of his employment.

#### Conclusion

For the foregoing reasons, defendant is entitled to summary judgment, as a matter of law, on all counts of the second amended complaint, and therefore this motion should be granted.

Respectfully submitted,

/s/ James C. McKay

/s/ Edward J. Grenier, Jr.  
701 Union Trust Building  
Washington 5, D. C.

Attorneys for Defendant

(Certificate of Service)



Filed Dec. 9, 1963

AFFIDAVIT OF NORVIN G. MALONEY, JR.  
IN OPPOSITION TO DEFENDANT'S MOTION  
FOR SUMMARY JUDGMENT.

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DISTRICT OF COLUMBIA, ss:

NORVIN G. MALONEY, JR., being first duly sworn according to law, deposes and says:

Contract Dated November 5, 1945

That while affiant was yet in the employ of General Motors Corporation, Eastern Aircraft Division, at Linden, New Jersey, duly authorized agents of defendant corporation, E. C. Daniels and C. R. Johnson, negotiated for the services of affiant with defendant corporation, and as a result of this negotiation affiant was invited to come down to the defendant's general offices at Wilmington, Delaware, for interviews leading to specific employment with defendant corporation at their Mechanical Development Laboratory; that during the interviews with C. E. Daniels, then Manager of Developing Engineering Division of defendant corporation, affiant was told by C. E. Daniels that, the best that defendant could offer affiant would be ten (10%) per cent less than what affiant was receiving with General Motors Corporation, but, that the difference in salary was justified, because the job with Du Pont was more permanent, and that affiant could look forward to a lifetime career in research and development, if he could successfully fill the job; that the conditions for continuity of employment were explained in the booklets describing the company policy,



copies of the specific booklets issued to your affiant during the period of his employment, and entrusted to the custody of affiant's co-counsel, King David, Esquire, are attached hereto as Exhibit B.

That in consideration of the promises and assurances of defendant corporation, as stated above, the affiant agreed to enter the employ of defendant corporation at a cut in salary of ten (10%) per cent, and in consequence thereof executed the employment contract on November 5, 1945. That the said contract of employment provided "for such length of time as shall be mutually agreeable to said employer and said employee". That your affiant understood this clause of the contract to mean, at the time of its execution, that affiant could be discharged for cause, or laid off with separation pay in proportion to the length of service rendered; that continuity of employment rests at the basis of said contract.

That affiant entered upon the performance of his duties under the said contract and was specifically assigned to develop a practical means of automatically "welding the bridge wire for electric blasting caps", and in the pursuit of the foregoing it became apparent that affiant had been hired for his "know-how" and experience in the certification of aircraft spot welders, said know-how and experience were gained by affiant while in a former employment; that defendant hired affiant solely for his experience and know-how; that affiant was successful and the solution is still in use at the Pomton Lakes, New Jersey, plant; that the electric blasting caps manufactured by Du Pont continue to use the welding process as developed by affiant. That affiant successfully completed his



first year probationary period under the said employment contract, and continued to the completion of five (5) years under said employment contract, assigned to various research and development problems, unrelated to automatic welding, including the successful solution of the problem of high speed weighing for automatic packaging machines, etc.

That at the conclusion of the first five (5) years of successful endeavor as a research and development engineer, affiant received a service emblem and was instructed by his supervision on the responsibilities and expected conduct of a career employee, wearing a public emblem.

#### Affiant's Second Five Years

That on January 24, 1951, the patent application for high speed weighing was filed, and U. S. patent number 2,661,091 was issued on December 1st, 1953. That with the said high speed patent in process, and with every indication that it would be granted, affiant was requested by his supervisor, F. G. Reynolds, to sign another research and development contract, which was discussed at length before and after its execution; that the second contract was executed by your affiant, on January 9, 1952, and the said F. G. Reynolds thereupon proceeded to assure your affiant that the newly executed contract was to the best interest of your affiant, and that affiant could look forward to the employee's benefits that accrued from continuity of service as set forth in the booklets (Exhibit B) and in the new contract; that affiant, continuing in the service of the defendant under the said second contract, executed January 9, 1952, received his second service emblem with a star added upon the completion of his



tenth year of service on November 5, 1955. That special recognition in the form of bonus awards totaling thirty-three (33) shares of defendant's stock plus sufficient cash to cover income tax requirements, all awarded in appreciation of the successful effort of your affiant.

That in 1958 your affiant completed his invention of the 'broken filament detector'; that patent number 3,013,429 was issued thereon on December 19, 1961, to the defendant, more than eleven (11) months after the discharge of affiant from the service of defendant. That the foregoing patent is in daily use in defendant's textile fibre plants; that the high speed weighing patent, supra, is paying royalties.

That on December 19, 1959, affiant had submitted to defendant his third invention, of "a pneumatic process for the manufacture and drawing followed by hydraulic packaging of synthetic polymer continuous filament yarn", for patent application. That on November 29, 1960, affiant was notified by defendant that he would not be supported in the foregoing invention, and immediately thereupon affiant was advised by defendant, by and through his duly constituted agent, L. R. Crittenden, to seek employment elsewhere. That thereafter, on January 13, 1961, affiant received a letter from defendant terminating his services as of said date. That, notwithstanding the termination of the affiant's services, as aforesaid, the defendant denies any right of affiant, the inventor, to proceed with the developing and patenting, either within defendant's corporation or any other company, or to offer his know-how in any area of previous experience with the defendant to any prospective employer. That your



affiant denies that he has ever been told of any specific job wherein his services were unsatisfactory; affiant further denies that he has rendered any unsatisfactory service to the defendant while in its employ.

That your affiant challenged L. R. Crittenden to name a specific instance in which affiant's technical performance was unsatisfactory, but he could not, and neither has the defendant, itself, chosen to answer this challenge, even though fully advised of same in Exhibit A, page 1, and on pages 120 to 150, inclusive, of deposition of plaintiff taken on July 24, 1963 and herein adopted by reference.

/s/ Norvin G. Maloney, Jr.

(JURAT the 5th day of December, 1963)

(Certificate of Service)

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Filed Dec. 13, 1963

ORDER

The defendant, having moved for summary judgment, the plaintiff having opposed said motion, and the Court having considered the pleadings, exhibits and deposition of plaintiff on file and having heard oral argument with respect to said motion, it is this \_\_\_\_\_ day of December, 1963,

ORDERED: That defendant's motion for summary judgment be and it is hereby GRANTED.

/s/ Alexander Holtzoff  
Judge

(Certificate of Service)



Filed Dec. 23, 1963

MOTION FOR A REHEARING UPON OR RECONSIDERATION  
OF DEFENDANT'S MOTION FOR SUMMARY JUDGMENT, OR,  
IN THE ALTERNATIVE, THAT SAID MOTION FOR SUMMARY  
JUDGMENT AND THE RELIEF AFFORDED THEREON BE  
LIMITED TO COUNTS OF THE PLAINTIFF'S COMPLAINT  
BASED UPON THE PERMANENCY OF HIS EMPLOYMENT.

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At the hearing of the defendant's motion for a summary judgment the whole thrust of the argument and the Court's decision stemmed from the contention that appellant's entire cause, set forth in three (3) counts, fell if his employment contract was terminable at will. While Judge Youngdahl, in a written memorandum, <sup>1/</sup> conceived of and interpreted the contract as one not terminable at will, Count One of the plaintiff's complaint asks for a declaratory judgment, if the Court should conclude that the contract is terminable at will, upon the theory that upon such termination and abandonment of the contract by the defendant, the plaintiff was entitled to relief from other provisions of the contract which the defendant claimed still bound the plaintiff, even if it terminated the contractual obligation.

<sup>1/</sup> Judge Youngdahl expressed an oral opinion on Counts One and Two of the amended complaint on April 3, 1963 (Tr. pg. 5):

"THE COURT: You would be entitled to loss of wages and reinstatement if you can prove you were improperly discharged, unless DuPont has some misconduct of some kind which would entitle them to discharge the man.

"Your client, in my opinion, under this language of the contract, your client has been wrongfully discharged."

(Tr. pgs. 3 and 4):

"THE COURT: I think there is a question of fact on the termination of the employment. On the patent situation, I think it is clear that the  
(Continued to top of next page)



1/ (Continued)

employee had no rights, but on the question of unilaterally terminating the employment under the language of this contract, both parties, it seems to me, have to agree as to the termination of the employment.

"MR. GRENIER: Your Honor, on that point we submit the contract probably is ambiguous.

"THE COURT: I don't think it is ambiguous. I think the contract is clear. It seems to me both parties have to agree to the termination, unless of course, obviously, if the defendant claims there was some misconduct of the employee, such as dishonesty or something of that kind, but in the absence of such conduct there has to be a mutual agreement for termination of the employment, and therefore, I think this case will have to go to trial on that issue.

"MR. GRENIER: Your Honor, the point is made in our reply memorandum that even if everything Mr. David said in his opposition memorandum is true, nevertheless he failed to state a claim upon which relief can be granted.

"THE COURT: I think he has stated a cause of action in stating that he did not mutually agree to the termination of the employment. You are admitting that for purposes of this argument, are you?

"MR. GRENIER: For the purposes of this argument, yes, Your Honor.

"THE COURT: And under that provision of the contract that said the employer shall employ said employee and continue his employment at a wage or salary to be mutually agreed upon between the parties for such length of time as shall be mutually agreeable to said employer and said employee.

"Now whatever lawyer drew that contract, if he was representing DuPont and had in mind that DuPont could discharge that employee for anything except misconduct ought to have looked in the books a little better, in my opinion."

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The contract provides for the assignment of all patent rights of the plaintiff and alleges that the defendant contends, that even though it has terminated the contractual relationship between the parties, yet NEVERTHELESS, the plaintiff is bound by its terms which were made an essential of that contractual relationship. In other words, defendant seeks to terminate at will, ONLY its obligations under the contract, while continuing in force and effect those of the plaintiff as though the contract had not been terminated. In this area this Court has indicated, during the first hearing, that the defendant could



not "have its cake and eat it too." The summary judgment, as entered, would foreclose the plaintiff from the relief he claims he is entitled to, even if the contract is terminable at will. While it is conceivable that plaintiff might not terminate the contract, so as to avoid his responsibilities thereunder, even if it is terminable at will, THE DEFENDANT, SIMILARLY, cannot avoid the consequences, if in its wisdom, it decides to terminate it. The consideration for the assignment of patents, a detriment to plaintiff, is and flows to the benefit of the defendant; once the corresponding benefit to plaintiff, his employment, is cut off, there is no consideration for the continued detriment. So, at the very least, with reference to patents to be applied for, the defendant would only have "shop rights". However, plaintiff claims in his complaint, and by Exhibit "E" attached to his complaint, shows that the defendant, after terminating the contract, still insists that it may require plaintiff to perform it. However, in the single case found treating this particular variant of the problem, the Court, in ROCKWELL v. NEW DEPARTURE MFG. CO., 102 Conn. 255, 128 A. 302, the provision for the right to patents after termination of the contract could only mean that it was a penalty to be invoked if PLAINTIFF TERMINATED THE CONTRACT. In other words, that the contract was not severable, even by its terms, so that on the one side those vesting in the company all right to plaintiff's patent rights could be maintained, while on the other, the consideration for this grant could be terminated at the mere whim of the defendant.

Your plaintiff says that the grant of summary judgment, as to all



counts, even those proceeding upon the theory that the contract was terminable at will, is too broad and was not documented in the oral ruling of the Court or consistent with the pivotal conclusion of the Court.

Respectfully submitted,

/s/ Henry Lincoln Johnson, Jr.  
Attorney for Plaintiff

(Certificate of Service)

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Filed Jan. 2, 1964

DEFENDANT'S OPPOSITION TO PLAINTIFF'S MOTION FOR  
REHEARING OF DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

Plaintiff seeks reconsideration of this Court's Order of December 18, 1963, entering summary judgment on behalf of defendant.

Plaintiff's argument in support of his motion raises no points which have not heretofore been raised by him either in memoranda or in oral argument.

Plaintiff contends that even though defendant was entitled to terminate the employment relationship at will and even though plaintiff was not wrongfully discharged, he still has some rights under the Employees' Agreements entered into between the parties.

Specifically, plaintiff contends he is entitled to ownership of patents and inventions developed by him while employed by the defendant. This contention is made despite the fact that the Employees' Agreements specifically



provide that the defendant shall be the sole owner of any such patents and inventions. Thus, the Employees' Agreement of January 9, 1952 provided:

"Any and all improvements and inventions conceived or made by the Employee during the period of his said employment relating in any way to the activities or business of the Employer, shall be disclosed promptly to the Employer and shall be the sole and exclusive property of the Employer or its nominee; and whenever requested to do so by the Employer, the Employee shall execute any and all applications, assignments and other instruments which the Employer shall deem necessary in order to apply for and obtain Letters Patent of the United States and foreign countries covering said improvements or inventions and in order to assign and convey to the Employer or its nominee the sole and exclusive right, title and interest therein. The obligations shall continue beyond the termination of the period of employment with respect to improvements or inventions conceived or made by the Employee during the period of said employment . . . ." (Emphasis supplied.)

Plaintiff has misconceived defendant's position. Defendant has not terminated its contractual relationship, as contended by plaintiff on page 2 of his memorandum. Rather, defendant relied on its agreements in terminating plaintiff's employment and continues to rely on those agreements insofar as they grant to defendant sole ownership of improvements and inventions conceived or made by plaintiff during the period of his employment.

Contracts containing the provisions similar to those included in the agreements under consideration universally have been held to be valid and binding. See, for example, Patent & Licensing Corporation v. Olsen, 108 F.2d 522 (2nd Cir. 1951); Marshall v. Colgate-Palmolive Peet Co., 175 F.2d 215, 217



(3rd Cir. 1949); and annotation in 153 A. L. R. 933, 935.

Even in the absence of such an agreement, if an employee is hired to invent, any inventions developed by him during the course of his employment become the sole property of the employer. See, for example, Marshall v. Colgate-Palmolive-Peet Co., supra; Shook v. United States, 238 F.2d 952 (6th Cir. 1956), cert. denied, 353 U.S. 924; North American Philips Co. v. Brownshield, 111 F. Supp. 762 (S.D.N.Y. 1953).

Plaintiff testified specifically, during his deposition, that he had been hired by the defendant to invent. Thus:

"Q. Was it your understanding, Mr. Maloney, as of the time you were hired and also during the course of your employment, that you had been hired to invent for the du Pont Company?

"A. Oh, very definitely, sir. I was specifically hired, as I mentioned in my first example, to develop a means of mechanically, automatically welding the bridge wires on electric blasting caps.

"Q. In other words, your duties in connection with your work were to invent or improve devices? Wasn't that the nature of your duties?

"A. Definitely." (Plaintiff's Deposition, p. 59.)

Accordingly, the plaintiff, in assigning his inventions to defendant, furnished no "additional consideration." He was hired to invent and was paid to invent.

The situation here is similar to that confronting the court in Superior Concrete Accessories, Inc. v. Kemper, 284 S.W.2d 490 (Mo. 1955), where the plaintiff argued that he had provided a separate and additional con-



sideration for his contract other than the services to be rendered. The court rejected this contention, stating:

"In an attempt to bring this case under that rule it is contended that appellants were required to establish a warehouse, develop a sales organization and increase respondent's business. But these acts were the acts appellants were being paid to do. They do not constitute separate and additional consideration." (284 S.W.2d at 491.) (Emphasis supplied.)

The facts and the contract involved in Rockwell v. New Departure Mfg. Co., 128 A. 302 (Conn. 1925), relied upon by plaintiff, are completely different from the facts and contracts involved in the instant case. There, as the court noted, the plaintiff, "through his executive ability and inventive genius" had "developed a great manufacturing plant." The plaintiff had agreed to transfer to the defendant all inventions or improvements developed by him and all patents relating to such inventions. The defendant, in turn, agreed to pay plaintiff a small salary and royalties on patented inventions developed by the plaintiff.

Thereafter, the defendant refused to give the plaintiff the opportunity to make future improvements and inventions, despite the fact, as the court found, this opportunity was the real consideration which caused the plaintiff to enter into the contract. The court also found as an "unescapable conclusion" that "defendant did agree to give plaintiff this opportunity and to provide him active employment so that he could carry out the obligation of his contract, and defendant could carry out its obligation to manufacture the products of his inventions and pay him the agreed upon royalties therefor." (128 A. at 313)



As indicated, there was no such agreement between the parties in the instant case.

Plaintiff also refers to Judge Youngdahl's memorandum opinion. That opinion related to defendant's motion to dismiss the first amended complaint. It stated in effect that, assuming that plaintiff could establish he was entitled to permanent employment, there then would have to be considered the problem of the rights to inventions. This Court has held that the plaintiff was not entitled to permanent employment and that he was not wrongfully discharged. Accordingly, he has no further rights under the Employees' Agreements.

In view of the foregoing, it is respectfully requested that plaintiff's motion for rehearing be denied.

Respectfully submitted,

/s/ James C. McKay

/s/ Edward J. Grenier, Jr.  
701 Union Trust Building  
Washington 5, D. C.

Attorneys for Defendant

(Certificate of Service

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Filed Jan. 3, 1964

ORDER

Upon consideration of the motion of plaintiff for a rehearing upon or reconsideration of defendant's motion for summary judgment, or, in



the alternative, that said motion for summary judgment and the relief afforded thereon be limited to counts of the plaintiff's complaint based upon the permanency of his employment, filed herein Dec. 22, 1963, it is this 3rd day of January, 1963 (sic),

ORDERED that the said motion be, and the same hereby is, denied.

HARRY M. HULL, Clerk

By (S) Eulalia M. Koester  
Deputy Clerk

By direction of

ALEXANDER HOLZOFF  
Presiding Judge

---

Filed Jan. 17, 1964

NOTICE OF APPEAL

Notice is hereby given this 17th day of January, 1964, that NORVIN G. MALONEY, plaintiff, hereby appeals to the United States Court of Appeals for the District of Columbia from the judgment of this Court entered on the 18th day of December, 1963 in favor of the defendant, E. I. DuPONT de NEMOURS, Inc., defendant, against said plaintiff, NORVIN G. MALONEY.

/s/ Henry Lincoln Johnson, Jr.  
Attorney for Plaintiff  
626 3rd Street, N. W.



James C. McKay, Esq.  
Attorney for Defendant  
Union Trust Building  
Washington, D.C.

---

Jan. 27, 1964

COSTS BOND ON APPEAL

GLENS FALLS GROUP, 2519 North Charles St., Baltimore, Md. 21218

In Account with

Henry Lincoln Johnson, Esquire, 626 3rd Street, N. W., Washington, D. C.

Date: 1/27/64; Bond or Policy No.: Ed 911322; Principal or Insured: Costs  
Bond on appeal. Norvin G. Maloney, Jr. vs E. I. DuPont de Nemours & Co.  
CA# 3699-62; Debit: \$10.00; PAID: \$10.00, 2/12/64, /s/ E, Glens Falls  
Insurance Company.

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BRIEF FOR APPELLEE

UNITED STATES COURT OF APPEALS  
FOR THE DISTRICT OF COLUMBIA CIRCUIT

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No. 18,454

---

NORVIN G. MALONEY, JR.

Appellant,

v.

E. I. DU PONT de NEMOURS & CO., INC.,

Appellee.

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APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

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United States Court of Appeals  
for the District of Columbia Circuit

FILED MAY 21 1964

*Nathan J. Paulson*  
CLERK

JAMES C. McKAY  
EDWARD J. GRENIER, JR.  
701 Union Trust Building  
Washington 5, D. C.  
Attorneys for Appellee

May 21, 1964



### STATEMENT OF QUESTIONS PRESENTED

In the opinion of appellee, the questions are:

(1) Whether or not, as a matter of law, appellee is the sole owner of two patents and one unpatented invention developed by appellant while employed by appellee, under the unambiguous terms of written agreements which provided that any such patents or inventions so developed by appellant "shall be the sole and exclusive property of" appellee. Or, even apart from such agreements, whether or not, as a matter of law, such patents and inventions are the sole property of appellee, since appellant was hired to invent for appellee.

(2) Whether or not, as a matter of law, appellee was entitled to terminate the employment of appellant at will under the unambiguous terms of written agreements which provided that appellee shall employ appellant for such length of time "as shall be mutually agreeable" to the parties.

(3) Whether or not the district court judge was precluded from ordering summary judgment on behalf of appellee by an earlier interlocutory order of another judge who was not asked to decide the key issue upon which summary judgment was later granted.

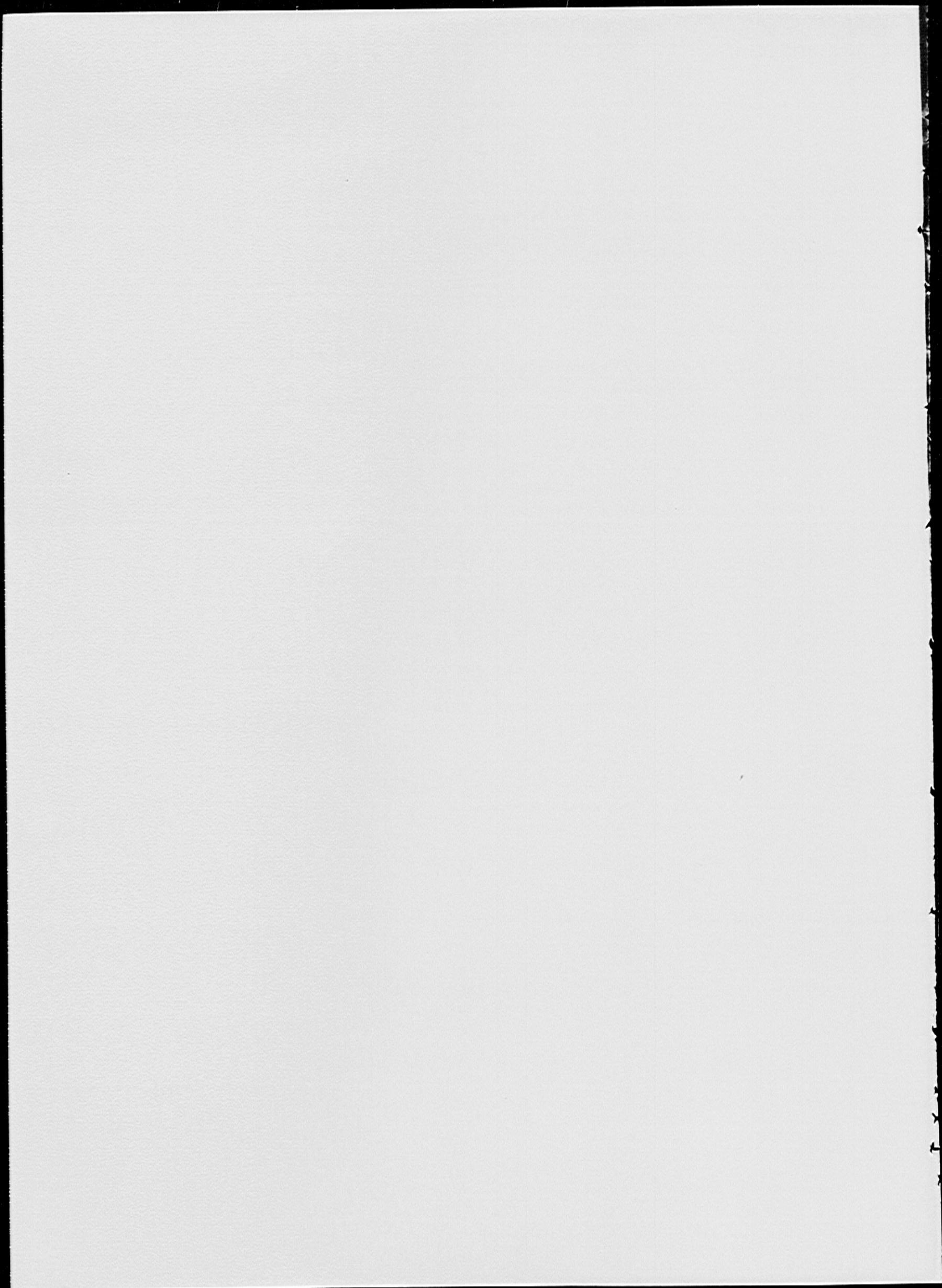
(4) Whether or not there are any genuine issues of material facts to be determined by the district court.



## INDEX

	<u>Page</u>
COUNTERSTATEMENT OF THE CASE . . . . .	1
SUMMARY OF ARGUMENT . . . . .	3
ARGUMENT . . . . .	5
I.    The Provisions in the Agreements Relating to Ownership of Inventions and Patents are Valid and Binding . . . . .	5
II.   Since Appellant Was Hired To Invent for Appellee, the Patents and Inventions Would Be the Sole Property of Appellee Even Had There Been No Agreement Between the Parties as to Ownership Thereof	8
III.  Under the Written Agreements between the Parties, Appellee Had the Right To Terminate Appellant's Employment at Will . . . . .	10
1.  Appellant was employed by Appellee for an indefinite period of time . . . . .	10
2.  Tenure of employment was not the subject of "subsequent" or "prospective" agreements as now urged by Appellant . . . . .	18
IV.   Judge Youngdahl's Ruling Is Not the Law of the Case . . . . .	24
V.    There is No Genuine Issue of Material Fact . . . . .	26
CONCLUSION . . . . .	27







# TABLE OF CASES

<u>CASES:</u>	<u>Page</u>
<u>Bixby v. Wilson &amp; Co.</u> , 196 F. Supp. 889 (N.D. Iowa 1961) . .	14
* <u>Brewood v. Cook</u> , 92 U.S. App. D.C. 386, 207 F.2d 439 (1953)	22
<u>Consolidated Vultee Aircraft Corp. v. Maurice A. Garbell</u> , 204 F.2d 946 (9th Cir.) cert. denied, 346 U.S. 873 (1953) .	10
* <u>Faulkner v. Des Moines Drug Co.</u> , 117 Iowa 120, 90 N.W. 585 (1902) . . . . .	11
* <u>Guerrieri v. Herter</u> , 186 F. Supp. 588 (D.D.C. 1960) . . . .	26
<u>Hapgood v. Hewitt</u> , 119 U.S. 226 (1886) . . . . .	10
<u>Houghton v. United States</u> , 23 F.2d 386 (4th Cir. 1928), cert. denied, 277 U.S. 592 (1928) . . . . .	9
<u>Kenny Construction Co. v. Allen</u> , 101 U.S. App. D.C. 334, 248 F.2d 656 (1957) . . . . .	15
<u>Lee v. Jenkins Brothers</u> , 268 F.2d 357 (2nd Cir. 1959) . . .	17
<u>Lewis v. Minnesota Mut. Life Ins. Co.</u> , 240 Iowa 1249, 37 N.W. 2d 316 (1949) . . . . .	14
<u>Littell v. Evening Star Newspaper Co.</u> , 73 App. D.C. 409, 120 F.2d 36 (1941) . . . . .	14
<u>Machen v. Yost</u> , 54 App. D.C. 261, 296 Fed. 1008 (1924) . .	15
* <u>Mallory v. Jack</u> , 281 Mich. 156, 274 N.W. 746 (1937) . . . .	12
<u>Marks v. Frigidaire Sales Corp.</u> , 60 App. D.C. 359, 54 F.2d 974 (1931), cert. denied, 285 U.S. 544 (1932) . . . . .	26
* <u>Marshall v. Colgate-Palmolive-Peet Co.</u> , 175 F.2d 215 (3rd Cir. 1949) . . . . .	6, 9
<u>Meredith v. John Deere Plow Co.</u> , 89 F. Supp. 787 (S.D. Iowa), aff'd, 185 F.2d 481 (1950), cert. denied, 341 U.S. 936 (1951) . . . . .	14
<u>New Jersey Zinc Co. v. Singmaster</u> , 71 F.2d 277 (2nd Cir. 1934) . . . . .	7
* <u>Paisley v. Lucas</u> , 346 Mo. 827, 143 S.W.2d 262 (1940) . . . .	13
* <u>Paley v. Du Pont Rayon Co.</u> , 71 F.2d 856 (7th Cir. 1934) . . .	6
* <u>Patent &amp; Licensing Corp. v. Olsen</u> , 188 F.2d 522 (2nd Cir. 1951) . . . . .	5



<u>CASES (cont'd):</u>	<u>Page</u>
<u>Pierce v. Tennessee Coal, Iron &amp; Railroad Co.</u> , 173 U.S. 1 (1899) . . . . .	18
<u>Poller v. Columbia Broadcasting Co.</u> , 368 U.S. 464 (1961) . .	27
<u>Reiter v. Universal Marion Corp.</u> , 173 F. Supp. 13 (D.D.C. 1959), appeal dismissed as moot on other grounds, 107 U.S. App. D.C. 6, 273 F.2d 820 (1959). . . . .	26
<u>Rockwell v. New Departure Mfg Co.</u> , 128 Atl. 302 (Conn. 1925)	7
* <u>Seitz v. Brewers' Refrigerating Machine Co.</u> , 141 U.S. 510 (1891) . . . . .	23
<u>Shook v. United States</u> , 238 F.2d 952 (6th Cir. 1956) . . . .	9
* <u>Simpson Bros. v. District of Columbia</u> , 85 U.S. App. D.C. 275, 179 F.2d 430 (1949). . . . .	15
<u>Standard Parts Co. v. Peck</u> , 264 U.S. 52 (1924) . . . . .	9
* <u>Superior Concrete Accessories v. Kemper</u> , 284 S.W.2d 482 (Mo. 1955) . . . . .	14, 17
* <u>United States v. Dubilier Condenser Corp.</u> , 289 U.S. 178 (1933)	6, 8
<u>Youngstown Steel &amp; Tube Co. v. Sawyer</u> , 103 F. Supp. 569 (D.D.C. 1952), <u>aff'd</u> , 343 U.S. 579 (1952) . . . . .	26
 <u>MISCELLANEOUS:</u>	
Annot. 16 A.L.R. 1177 (1922) . . . . .	7
Annot. 32 A.L.R. 1037 (1924) . . . . .	7
Annot. 44 A.L.R. 593 (1926) . . . . .	7
Annot. 85 A.L.R. 1512 (1933) . . . . .	7
Annot. 153 A.L.R. 983 (1944) . . . . .	7
Annot. 61 A.L.R.2d 356 (1958). . . . .	10

\*Cases or authorities chiefly relied upon are marked by asterisks.



UNITED STATES COURT OF APPEALS  
FOR THE DISTRICT OF COLUMBIA CIRCUIT

---

No. 18,454

---

NORVIN G. MALONEY, JR.,

Appellant,

v.

E. I. DU PONT de NEMOURS & CO., INC.

Appellee.

---

APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

---

BRIEF FOR APPELLEE

COUNTERSTATEMENT OF THE CASE

Appellant's claim of wrongful discharge by appellee, and his claim to ownership of two patents and one unpatented invention developed during the fifteen years he was employed by appellee, are based upon two unambiguous agreements entered into between the parties. The first of these agreements was executed on November 5, 1945 (JA 32-34); the second, on January 9, 1952 (JA 34-35).

Each of those agreements provided that appellant would be employed by appellee "for such length of time as shall be mutually agreeable" to the parties. Each of those agreements also provided that "any and all improvements and inventions conceived or made by [appellant] . . . during the period of his said employment, relating in any way to



the activities or business of [appellee] . . . , shall be disclosed promptly to [appellee] . . . and shall be the sole and exclusive property of [appellee] . . . or its nominee . . . ."

Appellant was hired by appellee in November, 1945. As shown by appellant's testimony during his deposition, as well as by allegations in his second amended complaint, appellant was hired to invent for appellee. Thus, appellant testified:

"Q. Was it your understanding, Mr. Maloney, as of the time you were hired and also during the course of your employment, that you had been hired to invent for the Du Pont Company?

"A. Oh, very definitely, sir. I was specifically hired, as I mentioned in my first example, to develop a means of mechanically, automatically welding the bridge wires on electric blasting caps.

"Q. In other words, your duties in connection with your work were to invent or to improve devices? Wasn't that the nature of your duties?

"A. Definitely." (JA 89-90.)

And, in his second amended complaint, appellant alleged:

". . . [that he] obligated himself [by the November 5, 1945 agreement] to devote his entire time and best effort to such duties as may be assigned to him, and faithfully and diligently serve and endeavor to further the interest of the defendant.

"That in consequence of said permanent employment contract, plaintiff entered upon his duties as a development research engineer for defendant corporation, was thereafter transferred to research engineer, and because of his susceptibility of scientific ideas and faculties for development, he was promoted to Research Project Engineer, and thereupon assigned to work on various projects of defendant corporation. That in respect to the foregoing assignments, he devoted his best skill and talent in furtherance of defendant's business, and amassed an enviable achievement Record during his first six years of employment under the aforesaid permanent employment contract. That included among said achievement Record was the invention of an improved apparatus for weight classification. . . ." Para 6, second amended complaint.) (JA 16-17.)



"That during the more than 15 years which followed plaintiff's engagement with the defendant corporation . . . plaintiff faithfully and fully devoted his time, energy, skill and creative genius to all assignments tendered him by defendant corporation. Plaintiff applied himself to his work with diligence, efficiency and effectiveness in furtherance of the productive work of defendant corporation. He designed, he developed, he created and he invented. This work for defendant corporation resulted in letters patent Numbered 2,661,091 and 3,013,429 being issued him by the Government of the United States." (Para. 18, second amended complaint.) (JA 22-23)

\* \* \*

"That during the said 15 years, the plaintiff faithfully and diligently devoted his creative efforts to his various assignments in the employ of defendant corporation, and as a result thereof effectuated the following inventions . . . ." (para. 25, second amended complaint.) (JA 26)

Appellant worked for appellee for more than fifteen years and was paid salary and bonuses which aggregated \$152,093.53. (JA 48). He was discharged by appellee on January 13, 1961.

#### SUMMARY OF ARGUMENT

Appellant's claim that he is entitled to ownership of two patents and one unpatented invention developed by him during his 15 years of employment by appellee is contradicted and refuted by the express provisions of written agreements entered into between appellant and appellee. Those agreements provided that any such patents or inventions would be the "sole and exclusive property" of appellee. Such a requirement is a standard provision found in contracts between employers and inventive employees, and uniformly has been upheld by the courts.



Even if there were no agreements between the parties, appellee would, under the applicable authorities, be the sole owner of any such patents or inventions because appellant was hired and paid to invent for appellee.

Appellant's claim that appellee could not terminate his employment unless appellant agreed to be terminated is also refuted by the express and unambiguous provisions of the aforesaid written agreements. Under those agreements, appellant's employment was for an indefinite period of time, and his employment could properly be terminated at the will of either of the parties. Appellant's agreement to assign his patents and inventions to appellee did not constitute "additional" consideration so as to support his claim that he could not be terminated without his consent because, as noted before, the development of patents and inventions was the very act appellant was paid to perform.

Appellant's contention that an earlier ruling by Judge Youngdahl precluded the district court from entering summary judgment for appellee cannot be sustained. The key issue decided by the district court, i. e., the correct construction of the tenure provisions of the written agreements between the parties, was not before Judge Youngdahl. That issue was first presented to Judge Holtzoff by appellant in connection with appellant's motion for summary judgment. Judge Holtzoff construed the tenure provisions of the agreements as permitting either party to terminate the employment relationship at will, and that ruling was adhered to by Judge Holtzoff when he later granted summary judgment on behalf of appellee.

In any event, the doctrine of the law of the case is not applicable to interlocutory orders in this jurisdiction, and, for that reason alone,



Judge Holtzoff was not bound by the earlier interlocutory order of Judge Youngdahl.

There are no genuine issues of material fact because, under the express provisions of the written agreement entered into between the parties, appellee was entitled to terminate appellant's employment at will, and, moreover, the two patents and one unpatented invention developed by appellant while employed by appellee became the sole property of appellee. Accordingly, summary judgment was properly entered on behalf of appellee.

#### ARGUMENT

##### I. The Provisions in the Agreements Relating to Ownership of Inventions and Patents are Valid and Binding

It should be noted at the outset that agreements such as are here involved, under which an employee agrees to assign to his employer ownership of inventions developed in the course of the employment, are commonplace and are valid and binding. Thus, a contract between employer and employee, identical in pertinent part with the agreements under consideration, was held to be valid by the Second Circuit in Patent & Licensing Corp. v. Olsen, 188 F.2d 522 (2nd Cir. 1951).

There, the employer brought an action to compel the employee, whose employment had been terminated, to assign to the employer three patents covering inventions made by the employee during the course of the employment. The employee's contention was similar to that asserted by appellant herein, i. e., that the termination of his employment cancelled the entire employment agreement, including the employee's duty to assign the patents. The Second Circuit rejected this contention and went on to say:



"It is well settled that an agreement on the part of an inventor to assign inventions developed while in the employ of another is not inequitable, or unconscionable. . . . Both the contract of employment which included the duty to assign patents on inventions made during its term [and a second contract] . . . were supported by full and adequate consideration. . . . Under the circumstances, and having accepted the stipulated compensation for five years [the employee] . . . cannot now be heard to say that a court should not require him to perform his part of the agreement." (188 F.2d at 525.)

Likewise, the Third Circuit, in Marshall v. Colgate-Palmolive-Peet Co., 175 F.2d 215 (3rd Cir. 1949), ruled that:

"A patent is property, title to which passes from the inventor only by assignment, and an agreement to assign will be specifically enforced. As between employer and employee, rights are determined upon the contract of employment. United States v. Dubilier Condenser Corp., . . . 289 U.S. 178 . . . ." (175 F.2d at 216-217.)

The express language of the Supreme Court of the United States in United States v. Dubilier Condenser Corp., 289 U.S. 178 (1933) was as follows:

"A patent is property and title to it can pass only by assignment. If not yet issued an agreement to assign when issued, if valid as a contract, will be specifically enforced. The respective rights and obligations of employer and employee, touching an invention conceived by the latter, spring from the contract of employment." (289 U.S. at 187.)

The opinion of the Seventh Circuit in Paley v. Du Pont Rayon Co., 71 F.2d 856 (7th Cir. 1934), is of particular interest because the contract there under consideration was virtually identical with the November 5, 1945 agreement entered into between appellant and appellee in the instant case. In the Paley case, the court, in directing that the patent under consideration be assigned by the employee to the employer, relied specifically on the express terms of the contract between the parties.



The court said:

" . . . the contract which the parties signed . . . covers the precise question we are now considering. It provided for the assignment of patents obtained upon discoveries made by appellant during the period he was employed by appellee. Such a contract is neither harsh, nor inequitable, nor unconscionable. Courts have uniformly held it to be the proper basis of a decree of specific performance such as was entered in this suit. Magnetic Manufacturing Company v. Dings Magnetic Separator Co. (C. C. A.) 16 F. (2d) 739; Standard Parts Company v. Peck . . . ." (71 F.2d at 858.) (Emphasis in original.)

See also New Jersey Zinc Co. v. Singmaster, 71 F.2d 277 (2nd Cir. 1934). And see generally Annot. 16 A.L.R. 1177, 1184-89 (1922), supplemented, 32 A.L.R. 1037, 1038-39 (1924); 44 A.L.R. 593, 594-95 (1926); 85 A.L.R. 1512, 1516-18 (1933); 153 A.L.R. 983, 987-91 (1944).

Rockwell v. New Departure Mfg. Co., 128 Atl. 302 (Conn. 1925), relied upon so heavily by appellant, is completely inapplicable. There, as the court noted, the plaintiff, "through his executive ability and inventive genius" had "developed a great manufacturing plant." The plaintiff had agreed to transfer to the defendant all inventions or improvements developed by him and all patents relating to such inventions. The defendant, in turn, agreed to pay plaintiff a small salary and royalties on patented inventions developed by the plaintiff.

Thereafter, the defendant refused to give the plaintiff the opportunity to make future improvements and inventions, despite the fact, as the court found, that this opportunity was the "real consideration" which caused the plaintiff to enter into the contract. The primary benefits of the contract to the plaintiff were to be the royalties received from inventions developed by him while employed by the defendant. Salary "was a minor consideration to the plaintiff." (128 Atl. at 313.)



The court also found as an "unescapable conclusion" of law that "defendant did agree to give plaintiff this opportunity and to provide him active employment so that he could carry out the obligation to manufacture the products of his inventions and pay him the agreed upon royalties therefor." (Ibid.) There was, of course, no such agreement in the instant case, which involves the standard form of contract between an employer and an inventive employee, under which the employee is hired and paid a salary to invent for the employer. Such contracts, as we have shown, uniformly have been upheld by the courts.

The foregoing authorities make it clear, as a matter of law, that, under the provisions of the agreements entered into by the parties, appellant has no basis for claiming ownership of any inventions or patents he may have developed while employed by appellee.

II. Since Appellant Was Hired To Invent for Appellee, the Patents and Inventions Would Be the Sole Property of Appellee Even Had There Been No Agreement Between the Parties as to Ownership Thereof.

It is equally clear that, in view of the nature of appellant's employment, he would be required to assign ownership of such inventions and patents to appellee even had there been no contractual obligation to do so. As pointed out before, appellant was hired and was paid a salary to invent for appellee. It uniformly has been held that, under such circumstances, any inventions or patents developed by an employee become the sole property of the employer. Thus, in United States v. Dubilier Condenser Corp., 289 U.S. 178 (1933), the Supreme Court ruled that:

"One employed to make an invention, who succeeds, during his term of service, in accomplishing that task, is bound to assign to his employer any patent obtained. The reason is that he has only produced that which he was employed to invent. His



invention is the precise subject of the contract of employment. A term of the agreement necessarily is that what he is paid to produce belongs to his paymaster." (289 U.S. at 187.)

To the same effect were the holdings in Standard Parts Co. v. Peck, 264 U.S. 52, 59 (1924); Shook v. United States, 238 F.2d 952, 954 (6th Cir. 1956); Marshall v. Colgate-Palmolive-Peet Co., 175 F.2d 215, 217 (3rd Cir. 1949); Houghton v. United States, 23 F.2d 386 (4th Cir. 1928), cert. denied, 277 U.S. 592 (1928). The language of the Third Circuit in Marshall v. Colgate-Palmolive-Peet Co., supra, exactly fits the situation here:

"... if the employee is hired to invent, or is assigned the duty of devoting his efforts to a particular problem, the resulting invention belongs to the employer." (175 F.2d at 217.)

Appellant asserts, in an effort to circumvent this argument of appellee, that he "was not hired to design, construct or invent a particular device," but that "he was hired generally and it became necessary for defendant . . . to have an assignment of the statutory right to a patent, in addition to the use of the products of his inventive genius." (Brief, p. 29.) This belated assertion not only is not supported by the record but is contrary to appellant's own testimony that he was in fact hired to invent for appellee. Moreover, the repeated allegations of the second amended complaint, particularly wherein it is alleged specifically that the patents and inventions developed by appellant were the "result" of his 15 years of employment by appellee (para. 25, second amended complaint) (JA 26), make it clear that he did in fact spend his time inventing or attempting to invent for appellee.

But, in any event, there is nothing in the foregoing cases which even implies that a different rule as to ownership of patents obtains if an employee, hired generally, does in fact engage in duties assigned by his



employer which result in the development of inventions. On the contrary, the rationale of those cases must, as a matter of logic, apply equally to both situations.

In view of the foregoing, there can be no doubt that any inventions and patents developed by appellant while employed by appellee rightfully belong to appellee, and any claim of ownership by appellant must fail. <sup>\*/</sup>

III. Under the Written Agreements between the Parties, Appellee Had the Right To Terminate Appellant's Employment at Will

1. Appellant was employed by Appellee for an indefinite period of time.

Appellant's claim that he was wrongfully discharged also cannot be sustained. His assertion that his employment was to have been "continuous" or "permanent" is simply one way of stating that his employment was to be for an indefinite period of time and, hence, terminable at the will of either party. To construe the two agreements to mean that appellant had a job for all time flies in the face of reason as well as the plain language of those agreements.

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\*/ Appellant has conceded that appellee would, at least, have "shop rights" to any patents or inventions developed by appellant while employed by appellee. (Brief, p. 29.) Appellant's concession, as far as it goes, is correct. For, it is clear that, even if appellant's claim of ownership is correct, appellee does have "shop rights" to such patents and inventions. See *Hapgood v. Hewitt*, 119 U.S. 226 (1886); *Consolidated Vultee Aircraft Corp. v. Maurice A. Garbell, Inc.* 204 F.2d 946 (9th Cir.), cert. denied, 346 U.S. 873 (1953); Annot. 61 A.L.R.2d 356, 394-397 (1958). Thus, even if appellant's other contentions are held to give rise to issues of material fact, appellant would not be entitled to any damages for money allegedly received by appellee from said patents and inventions as prayed for in Counts One and Three of the second amended complaint, or to recover on the basis of alleged "unjust enrichment" as prayed for in Count Two of the second amended complaint.



Appellant and appellee agreed that appellant should be employed "for such length of time as shall be mutually agreeable." This clearly means, for example, that, if it is not agreeable to appellee that appellant's employment shall continue, the employment shall terminate. It does not mean that appellant's employment shall go on forever unless both appellant and appellee agree to terminate it.

That appellee's construction of the "mutually agreeable" language of the agreements is correct is indicated by a substantial number of decisions in which courts have interpreted language, more favorable to appellant's interpretation of his agreements than the language under consideration, to mean that the employment is terminable at the will of either party, without cause. A leading and frequently cited case so holding is Faulkner v. Des Moines Drug Co., 117 Iowa 120, 90 N.W. 585 (1902). In that case, the plaintiff was employed under a written contract to take charge of the defendant's surgical supply department. The written contract recited, "This contract in effect until mutually agreed void." (90 N.W. at 586.) The court held that this was merely an ordinary contract for "permanent" employment, that is, employment for an indefinite period, terminable at the will of either party, without cause. In so holding, the court said:

"It is not conceivable that in entering into the contract in suit plaintiff supposed he was entering a service from which nothing but death or the consent of the defendant could relieve him. It is equally incredible that defendant supposed or understood that it was thereby taking into its employment a person whom it was bound to retain in its service until such time as that person should consent to his own discharge. If we should hold the contract enforceable according to its literal terms, the defendant could never abandon or sell or dispose of its business without plaintiff's consent, even though its prosecution entailed



certain loss or bankruptcy; and, on the other hand, if the surgical supply department of the business should return no profit, and thus leave plaintiff without any compensation whatever for his labor, defendant could nevertheless insist that he go on with the contract to the end of his life." (91 N.W. at 586.)

The court also made the following comment on the alleged duration of the agreement:

"Who can place any reasonable estimate upon the period which would probably elapse before the parties 'mutually agree' that the contract between them shall be considered 'void'?" (90 N.W. at 587.)

These remarks by the court in Faulkner are a fortiori applicable to the case at bar and to the agreements under consideration. It is clear from the Faulkner case and the other authorities which will be cited below that the "mutually agreeable" language in the employees' agreements cannot be given the legal effect claimed by appellant and that appellant had no more than employment for an indefinite term, terminable at the will of either party without cause.<sup>\*/</sup>

The Faulkner case was followed by the Supreme Court of Michigan in Mallory v. Jack, 281 Mich. 156, 274 N.W. 746 (1937). Mallory entered into a written contract with defendant for employment as a salesman. This contract contained the following provision:

"It is agreed that this contract cannot be terminated or ended without the consent of both parties, and is binding upon both parties, their heirs, representatives, successors, or assigns." (274 N.W. at 747.)

The court in Mallory similarly recognized that, under the literal terms of the contract, the employment could end some time prior to the death of the employee, and therefore held that the employment was for an indefinite period and could be terminated, without cause, at the will of either party. The court specifically noted:

<sup>\*/</sup> Even appellant conceded on deposition that his employment was for an indefinite duration when he testified in effect that his employment simply had "no stated ending." (JA 92-93.) Appellant also testified that, in his discussions with appellant's employees about tenure, they did "not use the word 'permanent' employment. The company would not allow the use of such a word. . . ." (JA 93.)



"It is impossible to determine with any reasonable degree of certainty the length of time the contract is to endure, for who can ascertain the time when the parties would mutually agree to its termination. The contingency might occur one year or ten years hence or, if dependent upon plaintiff's apparent intentions, would without doubt never occur." (Ibid.) (Emphasis added.)

The Supreme Court of Michigan thus made it clear that its holding could not be avoided through an allegation by the former employee that he never would have agreed to the termination of his employment.

The Supreme Court of Missouri reached the same decision on virtually identical language in Paisley v. Lucas, 346 Mo. 827, 143 S.W.2d 262 (1940). Paisley entered into a written insurance agency contract with an insurance company, an amendment to which provided:

"It is understood that said contract and supplements thereto will be continued in full force and effect and will not be cancelled or modified, except by mutual agreement \* \* \* or unless the Insurance Department of the State of Missouri by proper order requires and demands such modification, or cancellation." (143 S.W.2d at 269.)

The court rejected plaintiff's contention that this amendment gave him a contract of employment for a definite period, namely, the duration of his life; rather, the court found that the duration of the employment was indefinite. In rejecting plaintiff's contention that the contract was not terminable at will by either of the parties without cause, the court said:

"A careful reading of the entire contract and amendments fails to disclose any language which, in our opinion, clearly expresses an intention of the parties that the contract should continue so long as appellant should live. The language of the amendment, while evidencing a present intention not to cancel, does not indicate an express intention to confer upon appellant a perpetual right of employment. Minter v. Dry Goods Co., 187 Mo. App. 16, 26, 173 S.W. 4. No such intention appears from the evidence in the record. Considering the language used, the subject matters of the contract



and the situation of the parties, we think the employment was to continue only so long as it was mutually satisfactory to the parties."  
(Emphasis supplied.) (143 S. W. 2d at 270.)

The Supreme Court of Missouri adhered to the holding in Paisley in a later case involving a distributorship agreement, which the court held indistinguishable from the ordinary employment contract for personal services. In Superior Concrete Accessories v. Kemper, 284 S. W. 2d 482 (Mo. 1955), the agreement provided:

" 'Superior and Kemper agree:--That this agreement shall become effective on July 1, 1941, and shall continue in effect thereafter until canceled by mutual agreement. ' "  
(284 S. W. 2d at 489.)

The court held that this was a contract for an indefinite term, terminable at the will of either party without cause. See also Bixby v. Wilson & Co., 196 F. Supp. 889 (N. D. Iowa 1961) (containing a thorough and extensive review of the authorities); Meredith v. John Deere Plow Co., 89 F. Supp. 787 (S. D. Iowa), aff'd, 185 F. 2d 481 (1950), cert. denied, 341 U. S. 936 (1951); Lewis v. Minnesota Mut. Life Ins. Co., 240 Iowa 1249, 37 N. W. 2d 316 (1949).

Appellant relies principally on this Court's decision in Littell v. Evening Star Newspaper Co., 73 App. D. C. 409, 120 F. 2d 36 (1941), to sustain his contention that his employment was on a "permanent" basis. However, that case does not support appellant's contention that his employment was to be "permanent" in the literal sense. As a matter of fact, even though the parties in the Littell case entered into an oral "permanent" employment contract, this Court affirmed the trial court's direction of a verdict for the defendant employer. After discussing generally the applicable principles of law, this Court stated:



"If it is their purpose, the parties may enter into a contract for permanent employment--not terminable except pursuant to its express terms--by stating clearly their intention to do so, even though no other consideration than services to be performed is expected by the employer or promised by the employee. The meaning of the cases previously referred to is that where no such intent is clearly expressed and, absent evidence which shows other consideration than a promise to render services, the assumption will be that--even though they speak in terms of 'permanent' employment--the parties have in mind merely the ordinary business contract for a continuing employment, terminable at the will of either party." (73 App. D. C. at 410.)

Here, of course, the parties did not state their "clear intention" to enter into a "permanent" employment relationship. Instead, as found by the district court, the parties stated their "clear intention" by unambiguous language to enter into agreements under which the employment relationship was terminable at will.

In Littell, this Court was called upon to construe the meaning of the term "permanent" as used by the parties in an oral agreement. Here, unlike Littell, the word "permanent" was not used in the written agreements executed by the parties.<sup>\*/</sup> Rather, as stated, the language used is unambiguous and, as shown by the foregoing authorities, permitted either of the parties to terminate the employment relationship at will.

It is a universal rule of law that a court will not look beyond the face of a contract to determine the intent of the parties if the contract is unambiguous, as are the agreements here under consideration. See, for example, Machen v. Yost, 54 App. D. C. 261, 296 Fed. 1008 (1924); Simpson Bros. v. District of Columbia, 85 U.S. App. D. C. 275, 179 F.2d 430 (1949); and Kenny Construction Co. v. Allen, 101 U.S. App. D. C. 334, 248 F.2d 656 (1957).

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<sup>\*/</sup> Moreover, the word "permanent" was not used in oral statements made to appellant by appellee. (JA 93.)



In the Machen case, supra, this Court stated:

"The contract is in plain and unambiguous terms, all of which are given force and effect by this interpretation, and it is only when a contract is ambiguous that room is left for speculation as to the real intent of the parties." (54 App. D. C. at 262.)

In the Simpson Bros. case, supra, this Court held that:

"In the absence of ambiguity the intent of the parties to a contract must be ascertained from the language thereof without resort to parol evidence or extrinsic circumstances. . . . The . . . clause involved in the instant case is without ambiguity. The district court was therefore bound to apply it as written rather than according to some asserted interpretation." (85 U.S. App. D. C. at 279.)

And, in the Kenny Construction Company case, supra, this Court noted that:

". . . we do not reach intention as a means of interpretation unless the words are unclear or both parties assert a positive intent contrary to the words and nobody else is adversely affected by the strange meaning." (101 U.S. App. D. C. at 336.)

Here, the pertinent language of the agreements is unambiguous. The parties thereby agreed that the employment relationship could be terminated at the will of either of the parties. The district court was bound to apply those agreements as written.

Nor can appellant find support for his claim of "permanent" employment in the fact that he agreed to assign all his patents and inventions to appellee. As we already have pointed out, appellant was hired by appellee specifically to invent. He was given a job and was paid a salary with the expectation that he would, in fact, invent and that such inventions would, in fact, become the property of appellee. Accordingly, no "additional" consideration was furnished by appellant when he simply did what



he was hired to do; i. e., develop inventions and assign those inventions to appellee. <sup>\*/</sup>

The case at bar is indistinguishable in principle from the situation in Superior Concrete Accessories v. Kemper, 284 S.W.2d 482 (Mo. 1955). The plaintiff in that case argued that he had provided a separate and additional consideration for his contract, other than the services to be rendered. That contention was rejected:

"In an attempt to bring this case under that rule it is contended that appellants were required to establish a warehouse, develop a sales organization and increase respondent's business. But these acts were performed pursuant or incidental to the contract of employment. They were the acts appellants were being paid to do. They do not constitute separate and additional consideration." (284 S.W.2d at 491.) (Emphasis supplied.)

And, in Lee v. Jenkins Brothers, 268 F.2d 357 (2nd Cir. 1959), another case principally relied upon by appellant, the Second Circuit had the following to say about so-called permanent employment contracts:

"It is not surprising that lifetime employment contracts have met with substantial hostility in the courts, for these contracts are often oral, uncorroborated, vague in important details and highly improbable. Accordingly, the courts have erected a veritable array of obstacles to their

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\*/ As previously stated, there is nothing unusual in this arrangement between a corporation and its employees. The Court can take judicial notice of the fact that a substantial source of revenue of chemical companies, such as appellee, stems from inventions and patents. A corporation cannot itself "invent." It can only obtain inventions and patents through the activities of its employees. The results of the labor of its paid inventive employees rightfully belong to the corporation, just as do the returns received from the efforts of its salesmen. It would be a most unusual situation were a corporation, such as appellee, to hire and pay an employee to invent for it, and refrain from insuring that it became the owner of any patent or invention developed by the employee. Pertinent, too, is the fact that numerous other employees of appellee signed agreements identical with those signed by appellant. (JA 59-60.)



enforcement. They have been construed as terminable at will, too indefinite to enforce, ultra vires, lacking in mutuality or consideration, abandoned or breached by subsequent acts, and the supporting evidence deemed insufficient to go to the jury, as well as made without proper authority.

"However, at times such contracts have been enforced where the circumstances tended to support the plausibility of plaintiff's testimony. Thus when the plaintiff was injured in the course of employment and he agreed to settle his claim of negligence against the company for a lifetime job, authority has been generally found and the barrage of other objections adequately disposed of. [Citing Pierce v. Tennessee Coal, Iron & Railroad Co., 173 U.S. 1 (1899), relied upon by appellant herein.] And where additional consideration was given such as quitting other employment, giving up a competing business, or where the services were 'peculiarly necessary' to the corporation, the courts have divided on the enforceability of the contract." (268 F.2d at 368.) \*/

None of the circumstances set forth in the second paragraph of the foregoing quotation are present here.

2. Tenure of employment was not the subject of "subsequent" or "prospective" agreements as now urged by Appellant.

For the first time, in his brief to this Court, appellant contends that the agreement between the parties as to tenure of employment was not covered by the agreements of November 5, 1945, and January 9, 1952, but was the subject of "prospective" or "subsequent" oral agreements. Any contention that the parties entered into subsequent oral

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\*/ This case involved an alleged oral promise made by one of the defendants on behalf of the corporate defendant and for his own account. Since there was no written agreement involved in Lee v. Jenkins Brothers, as there is in the instant case, appellee is unable to ascertain the reason why appellant relies so heavily on that case. Moreover, the facts of Lee v. Jenkins Brothers are substantially different from those of the case at bar.



agreements regarding tenure of employment clearly is an afterthought. Such contention is in direct conflict with allegations in the second amended complaint, testimony of appellant on deposition, and an affidavit of appellant, which clearly reveal appellant's position that his alleged right to "permanent" or "continuous" employment is based upon the written agreements.

Thus, he asserted in the second amended complaint:

"That said contract [November 5, 1945] provided for the continuous employment of the plaintiff by the defendant . . . for such length of time as shall be mutually agreeable to said employer and said employee. . . ." (Para. 6.) (JA 16.)

\* \* \*

"That in consequence of said permanent employment contract [November 5, 1945], plaintiff entered upon his duties . . . ." (Ibid.)

\* \* \*

"That as a result of the aforesaid inventions . . . , the defendant corporation offered plaintiff a new permanent employment contract which was executed by the parties on January 9, 1952 . . . ." (Para. 7.) (JA 17.)

\* \* \*

"Plaintiff alleges that . . . on or about the 5th day of November, 1945 and January 9, 1952 the defendant for valuable considerations entered into contracts of employment with the plaintiff . . . . That in and by said contracts of employment plaintiff was employed permanently by the defendant corporation, at salaries mutually agreeable to the parties." (Para. 24.) (JA25-26.)

As indicated, appellant, on a number of occasions, testified that he was entitled under the written agreements to permanent employment. Thus, as an example:

"Q. What you are saying though, as I understand it, Mr. Maloney, is that under the November 5, 1945 contract and also under the



1952 contract, which contracts are the basis for this lawsuit, du Pont could not discharge you unless you agreed to be discharged? You, in turn, could not take a job with another company--

"A. Precisely.

"Q. --unless du Pont agreed to let you take that position, and also that du Pont could not lower your salary unless you agreed to have it lowered?

"A. That is correct, sir. I know of no statement in that question--it was quite long, but I was not aware of any statement that I would question in any way." (App. Dep., p. 45.) (JA 77.)\*/  
          

In his affidavit of December 5, 1963, appellant, referring to the November 5, 1945, agreement stated:

"That the said contract of employment provided for such length of time as shall be mutually agreeable to said employer and said employee. That your affiant understood this clause of the contract of employment to mean, at the time of its execution, that affiant could be discharged for cause, or laid off with separation pay in proportion to the length of service rendered; that continuity of employment rests at the basis of said contract." (JA 132.)

There is no basis in the record for appellant's present contention that the agreement between the parties as to tenure of employment was not fixed by the written agreements of November 5, 1945, and January 9, 1952. Indeed, as shown above, as well as by the provisions thereof, it is clear that the tenure of employment was in fact fixed by those agreements.

What the appellant really seems to be urging is that certain alleged oral statements made by an employee of appellee, at the time the January 9, 1952, agreement was executed, constituted a "subsequent" oral agreement. But, it is plain from appellant's testimony on deposition

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\*/ See also, JA 67, 68-69, 70, 76, 87-88.



that the alleged "oral agreement" referred to in paragraph 7 of the second amended complaint was not an agreement at all, but consisted simply of oral statements made by said employee of appellee in an effort to explain to appellant the meaning of the written agreement of January 9, 1952.

Thus, when questioned specifically about the alleged oral agreement, appellant stated:

"This was a discussion that went with it at the time of the signing of the contract."  
(Appendix to Appellee's Brief, A-1.)\*/

Later on, in an effort to find out more clearly the nature of the alleged oral agreement, appellant was asked the following question and gave the following answer:

"Q. . . . you alleged that you were assured by Mr. Reynolds at the time you signed the agreement [January 9, 1952] that the employment contract protected your permanent employment, in that there could be no termination without mutual consent. Do you remember him saying that to you?

"A. Yes. I believe he read me that contract, sir, and I don't think he could possibly have read me that contract without making the statement." (Appendix to Appellee's Brief, A-6.)\*/

And later, when further pressed about this alleged oral agreement, appellant testified:

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\*/ At the time appellant filed his Statement of Points on Appeal, there was no indication that appellant would contend that the tenure of his employment was not covered by the written agreements of November 5, 1945, and January 9, 1952, but by a subsequent oral agreement. For that reason, these portions of appellant's deposition, and other portions in the appendix attached hereto, were not designated for inclusion in the Joint Appendix by appellee.

In this connection, it should be noted that the Joint Appendix prepared by appellant contains numerous pages of appellant's deposition (pp. 29-45, 47-58, 60-61, 128-159) which were not designated for inclusion therein by either party.



"I am quite sure that he went out of his way to explain to the employee, as they always do, beyond the actual language of the contract, what it means. They usually do this.

"Q. Did he do it this time is my question.

"A. Yes." (Appendix to Appellee's Brief, A-6 .)\*/

These alleged efforts by an employee of appellee to explain orally to appellant the meaning of the written agreement at the time appellant executed such agreement could not, of course, serve to vary the terms of that written agreement. Appellant argues that the district court should have incorporated such alleged oral statements into the written agreement under the doctrine of "partial integration," relying primarily on this Court's opinion in Brewood v. Cook, 92 U.S. App. D.C. 386, 207 F.2d 439 (1953). However, one need look no further than the language quoted by appellant from that opinion to conclude that any parol evidence, to be admissible, must relate to a "contemporaneous agreement in addition to and not inconsistent with or a variation of a written agreement between the same parties." (92 U.S. App. D.C. at 388.) (Emphasis supplied.) The alleged oral agreements now relied upon by appellant relating to his tenure of employment are completely inconsistent with the written agreements between the parties, which provided that the employment could be terminated at the will of either party. \*\*/

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\*/ See footnote, supra, on page 21.

\*\*/ Appellant asserts in his brief that the "trial Court refused to permit appellant's counsel to argue the doctrine of partial integration at the hearing on appellee's motion for summary judgment, holding that any such evidence contravenes the statute of frauds." (Appellant's Brief, p. 21.) The transcript does not reveal any such refusal by the district court. In fact, counsel for appellant urged this point upon Judge Holtzoff, who pointed out to appellant's counsel that he had heard the same argument made "at length" during the earlier hearing on appellant's motion for summary judgment. (Cont.)



This Court, in the Brewood case, supra, referred to Seitz v. Brewers' Refrigerating Machine Co., 141 U.S. 510 (1891) as "an instance where the facts would not permit application" of the rule of partial integration. The language in the Seitz case clearly applies to the facts of the instant case:

"Undoubtedly the existence of a separate oral agreement as to any matter on which a written contract is silent, and which is not inconsistent with its terms may be proven by parol, if under the circumstances of the particular case it may properly be inferred that the parties did not intend the written paper to be a complete and final statement of the whole transaction between them. But such an agreement must not only be collateral, but must relate to a subject distinct from that to which the written contract applies; that is, it must not be so closely connected with the principal transaction as to form part and parcel of it. And when the writing

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\*\*/ (continued from previous page)      Thus, the transcript shows:

"THE COURT: You have told me that before. I understand all that. I am not going to consume any time hearing the same argument over again. I heard it at great length the first time.

"MR. JOHNSON: I agree with Your Honor."

Moreover, it is clear that Judge Holtzoff's ruling was not based upon the statute of frauds. Rather, his ruling was based upon his construction of the pertinent provisions of the written agreements. After construing those provisions against appellant's contentions, Judge Holtzoff simply pointed out that if "what seems to be claimed on the oral argument at this time that there was an oral contract for permanent employment, such a contract would be unenforceable under the statute of frauds." (Appendix to Appellee's Brief, A-9.) Of course, as we have pointed out before, any such oral agreement for "permanent" employment would be for an indefinite period of time and, hence, terminable at the will of either of the parties.



itself upon its face is couched in such terms as import a complete legal obligation without any uncertainty as to the object or extent of the engagement, it is conclusively presumed that the whole engagement of the parties, and the extent and manner of their undertaking, were reduced to writing." (141 U.S. at 517.) (Emphasis supplied.)

Again, the alleged oral agreement asserted by appellant are inconsistent with the written agreements and do not relate to a "subject distinct from that to which the written contract applies."

And, finally on this point, even if there were a subsequent binding oral agreement that appellant's employment should be "continuing" or "permanent," any such agreement, as shown heretofore, would also be terminable at the will of either of the parties. (See pp. 10-18, supra.)

#### IV. Judge Youngdahl's Ruling Is Not the Law of the Case

Appellant contends that Judge Youngdahl's ruling of April 5, 1963 (JA 12-14), is the law of the case and that, therefore, Judge Holtzoff was bound by that ruling. A realization of the posture of the case at the time of Judge Youngdahl's ruling will impel the conclusion that the ruling was not the law of the case, even assuming that such doctrine is applicable to interlocutory orders in this jurisdiction.

Contrary to appellant's assertion at page 3 of his brief, appellee's motion to dismiss the amended complaint (the second of three complaints filed by appellant) was not based upon a contention that the agreements of November 5, 1945 and January 9, 1952 were terminable at will. The reason no such contention was made at that time is that appellant, in his amended complaint, did not claim damages for alleged wrongful discharge. His claim for damages was based entirely upon a contention that he is the



owner of the inventions and patents developed by him while employed by appellee.

Accordingly, the issue of whether appellee did or did not have the right to terminate appellant's employment at will was not presented to Judge Youngdahl. In his order, Judge Youngdahl allowed appellant to amend his complaint so as to allege wrongful discharge. Judge Youngdahl ruled that if appellant could establish he was wrongfully discharged, "the issue would then arise whether the paragraphs covering the rights to patents were tied in with the paragraph covering length of employment. . . ." (Emphasis supplied.) (JA 12-13.)

The issue of whether or not, under the written agreements, appellee could discharge appellant at will was presented for the first time to the district court after Judge Youngdahl's ruling and by appellant himself when appellant filed a motion for summary judgment with respect to Count III of his second amended complaint. Count III had been added by appellant following Judge Youngdahl's ruling and contained the wrongful discharge claim.

Appellant, in his motion for summary judgment, contended that the tenure provisions of the November 5, 1945, and January 9, 1952, agreements were unambiguous,<sup>\*/</sup> and that under those provisions his employment could not be terminated unless both parties mutually consented to such termination. Accordingly, as indicated, the construction of the tenure provisions was presented squarely to Judge Holtzoff, who held that they were indeed unambiguous, but that, under those provisions, appellee had the right to discharge appellant at will. In other words, Judge Holtzoff ruled that appellant was not wrongfully discharged. Thus, the condition, which Judge Youngdahl said would, if it were found to exist, give rise to an issue as to patent rights, never arose.

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\*/ Thus, appellant there argued that the written agreements did cover his tenure of employment. Appellant's argument in his brief that tenure was not covered by the written agreements comes only after the district court rejected his interpretation of those agreements.



If any ruling below became the law of the case, it was the ruling by Judge Holtzoff on appellant's motion for summary judgment as to Count III of the second amended complaint. Judge Holtzoff adhered to that ruling in his later order granting summary judgment on behalf of appellee.

But, in any event, it is well established by decisions of this Court and of the United States District Court for the District of Columbia that, whatever the rule may be in other circuits, the doctrine of the law of the case does not apply to interlocutory orders in this jurisdiction. Marks v. Frigidaire Sales Corp., 60 App. D.C. 359, 54 F.2d 974 (1931), cert. denied, 285 U.S. 544 (1932); Guerrieri v. Herter, 186 F. Supp. 588, 590 (D.D.C. 1960); Reiter v. Universal Marion Corp., 173 F. Supp. 13, 15 (D.D.C. 1959), appeal dismissed as moot on other grounds, 107 U.S. App. D.C. 6, 273 F.2d 820 (1959); Youngstown Sheet & Tube Co. v. Sawyer, 103 F. Supp. 569, 572-73 (D.D.C. 1952), aff'd, 343 U.S. 579 (1952).

There is, then, no basis for appellant's contention that Judge Holtzoff was precluded by Judge Youngdahl's ruling from granting summary judgment.

V. There is No Genuine Issue of Material Fact\*/

The agreements here involved are clear and unambiguous. They provided that the employment could be terminated at will, and they included explicit obligations on the part of appellant relating to ownership of patents and inventions which continued after the termination of such agreements. No parol evidence is needed to aid in the construction of those agreements, and none would be admissible.

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\*/ Appellant makes the assertion that appellee "once believed there were genuine issues of fact" (Brief, p. 14), referring to appellee's opposition to appellant's motion for summary judgment. That statement ignores the obvious fact that, even if the appellant is correct in his interpretation of the tenure provisions of the written agreements, there still would remain an issue of fact as to whether or not his employment was terminated for cause, as well as to the amount of damages. (See Judge Holtzoff's Opinion of September 25, 1963.) (JA 123.)



Appellant's contention that he assigned his patent rights on the sole condition of permanent employment does nothing to support his additional contentions that he was wrongfully discharged and that he is entitled to ownership of inventions and patents developed during the course of his employment. Both of those contentions are, as stated, defeated by the clear language of the agreements voluntarily entered into by him.

Whatever may be the views of the Supreme Court of the United States on the propriety of granting summary judgment in "complex anti-trust litigation," as stated in Poller v. Columbia Broadcasting Co., 368 U.S. 464 (1961), it is clear that in the instant case there is in fact no genuine issue of material fact and that the district court's action in entering summary judgment is correct.

#### CONCLUSION

In view of the foregoing, it is respectfully submitted that the order of the district court entering summary judgment on behalf of appellee should be affirmed.

Respectfully submitted,

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A P P E N D I X







APPENDIX TO BRIEF OF APPELLEE

Excerpts from Appellant's Deposition

"Q You also state in paragraph 7 of your second amended complaint that, 'After the execution of said employment contract dated January 9, 1952, the Defendant corporation and he, meaning the Plaintiff, orally agreed that he would receive an annual salary for the year 1952 of \$9,849.83 and that said salary would be payable monthly and graduate each succeeding year thereafter; that his employment was permanent and that he would be further rewarded for his devoted service by periodic payments of bonuses.'

"My questions is with whom did you have that oral agreement?

"A P. G. Reynolds, my supervisor, who presented the contract to me for signature. In reality, the best answer I can give you in the line of questioning is that the company expressed a preference that I sign this contract over and above the other one. It was at the request of the company that I signed it.

"Q I am talking about the oral agreement you alleged in paragraph 7.

"A This was a discussion that went with it at the time of the signing of the contract.

"Q. You state, sir, that there was an oral agreement made by du Pont that your employment would be permanent.

"A Yes.

"Q Are you stating to me that this promise was made by Mr. Peter G. Reynolds?

"A Peter G. Reynolds, yes.

"Q Can you give me the words he used in making that promise?

"A Sir, 11 years is a long time.



"Q You allege it in your complaint.

"A I realize it.

"Q I am asking you the words he used in entering into this alleged oral agreement, if you can remember.

"A I wouldn't, sir, state that I can give you more than the essence of the statement.

"Q Why don't you do that then.

"A Which is again, as I mentioned, that they wanted me to sign an additional contract that had been transmitted to him with the request that he have me execute it at the request of the company, and that this was an expression of recognition of my work and it was another manifestation of the company's desire to insure the continuity of my working for du Pont.

"Q. This is, in essence, what he told you; is that correct?

"A Yes. This was done to insure and impress upon me that I was not going to leave du Pont. The contract was made more binding.

"Q You make that statement, but you don't remember him saying that to you, that the contract was made more binding?

"A I have to again, sir, allege on information and belief that I was not given any other reason that du Pont wanted this contract. If it is an assumption, sir, it is difficult for me to differentiate. I was not given a specific reason, other than this. No mention of a reason in the area of your questioning, to my knowledge, other than the general area of tying the knot tighter --

"Q Of what?

"A Of tying the knot tighter. -- was ever given as a reason for asking for this contract.

"Q I understood you to tell me -- I don't want to push this unduly far, but I understood you to tell me that you don't recall that du Pont gave you any reasons for asking you to sign the new contract



"A When did I? I don't remember.

"Q I understood that you can't remember them giving you any reason, that you were in the dark yourself as to why they gave you the new contract to sign or asked you to sign.

"A Other than the general areas I am stating. With a corporation such as du Pont, in their employment policies, sir, they do not come out and make the statements for which you are asking me to state unequivocal opinion. It is the company's policy never to allow that kind of discussion to occur.

"Q He told you, you say, at the time, that you would receive annual salary increases; is that correct? Did Mr. Reynolds tell you that?

"A I could expect the normal increases that an employee would get, yes.

"Q You allege, sir, that he promised --

"A That I could expect.

"Q -- you said, that your salary would be graduated each succeeding year. Is that what he told you?

"A If you are inferring that this would be per annum, each year on the year, I did not mean to allege that, and this is not a yearly raise.

"Q Tell me what Mr. Reynolds told you. That is what I am really interested in finding out.

"A That I could expect salary increases and bonuses that are normally given to du Pont employees. These increases are of two categories, one of which is a cost of living increase, another of which is a merit raise. (Dep. 76-79.)



\* \* \*

"Q Did you discuss your alleged oral agreement with any superiors, other than Mr. Reynolds, for example?

"A I am sure that you are misunderstanding this oral agreement as though it were something that I alone obtained. I can offer to you definite proof that this is general policy of the company. There is a booklet, sir, that they hand to every employee.

"Q What booklet is this you are talking about?

"A I have turned it over to my attorney. If you wish, it happens to be the bonus plans and benefits. There is quite an extensive presentation. I can offer it in evidence if you wish. There is an A bonus, a B bonus.

"Q You also stated, sir, in paragraph 7 of your second amended complaint that at the time you signed the January 9, 1952 contract, you were assured by officials of the defendant that the provision of the fifth clause of said employment contract protected your permanent employment, in that there could be no termination without mutual consent.

"What officials stated this to you?

"A Each and every supervisor, but P. G. Reynolds in this specific instance.

"Q Did Mr. Reynolds state to you in so many words that the fifth clause of the agreement protected your permanent employment?

"A He didn't tell me in that many words, no.

"Q Tell me in what words he did make that statement.

"A Sir, I wouldn't presume to repeat his exact words, but I will repeat again, as I have said so many times, that the mutuality of termination is repeatedly affirmed to the employees. This is constantly done, and it was done on that occasion, in my opinion, without a shadow of doubt.



"Q You say the mutuality of termination is repeatedly --

"A The assurance of continuity of employment.

"Q You didn't say that. You said the mutuality of termination is repeatedly mentioned or discussed with the employee. Now, I am asking you whether at this meeting with Mr. Reynolds he stated that there could be no termination without mutual consent, or words to that effect?

"A I believe I can answer your question satisfactorily, sir, if you will let me say that I read this rather short contract over, and as I read the last 'Whereas,' I believe it is, or 'Now therefor' -- it is the third paragraph of this contract -- this was specifically discussed between P. G. Reynolds and myself. You will find it, I think, in the last 'therefor.'

"Q I will read it to you.

'Now therefor, in consideration of and as a part of the terms of the employment or continuation of employment (as the case may be) of the employee by the employer at a wage or salary and for such length of time as shall be mutually agreeable, it is agreed as follows,' and so on.

"Is this what you discussed with Mr. Reynolds?

"A Yes.

"Q You are sure you discussed that specific provision with him at the time or shortly after you signed this agreement; is that correct?

"A Please. At the time of signing, I read it. He explained it to me.

"Q What did he say?

"A Please. It is in writing and I am unable, sir, to understand why you want me to try, after 12 years, to quote a man's words when he has presented it to me in writing.



"Q The reason I am doing this, Mr. Maloney, is that you allege that you were assured by Mr. Reynolds at the time you signed the agreement that the employment contract protected your permanent employment, in that there could be no termination without mutual consent. Do you remember him saying that to you?

"A Yes. I believe he read me that contract, sir, and I don't think he could possibly have read me that contract without making the statement.

"Q I know you say you do not believe he possibly could have read it without making the statement, but my question is do you remember that he made the statement?

"A I remember discussing the contract with him in detail.

"Q Do you remember that he made the statement?

"A Yes. He read the statement, at least, to me, sir.

"Q I know that you say he read the written provision of the contract, but I am asking you whether he made the oral statement that the contract protected your permanent employment and that there could be no termination without mutual consent.

"A I am quite sure that he went out of his way to explain to explain to the employee, as they always do, beyond the actual language of the contract, what it means. They usually do this.

"Q Did he do it this time is my question.

"A Yes.

"Q You have no --

"A This was an extensive conference, sir.

"Q How long did it last?

"A I would dare say we were together for a half hour or more."  
(Dep.83-87,)



Portion of Transcript of Argument Before Judge Holtzoff  
on Appellee's Motion for Summary Judgment

\* \* \*

MR. JOHNSON: If Your Honor please, if it had said, if this contract had said, as frequently they do, it is terminable at the will of either party, there would be no question here. The only question there is here in this is that this man says that DuPont told him that this was a permanent employment.

THE COURT: All prior negotiations are merged in the contract.

MR. JOHNSON: If Your Honor please, he not only told him that at the time of making the contract -- and I think that that is exactly what the Littel case says, that where you have to interpret the duration of the contract by the contract itself and it does not in express terms provide that it is terminable at will and you have to interpret it that way, you may look at the surrounding circumstances and the conversations at the time.

THE COURT: I hold that this contract is not ambiguous. Mr. Johnson, I heard this argument at great length when the matter came before me on the plaintiff's motion for summary judgment. The question is the same now. I don't want to have the whole argument repeated.

MR. JOHNSON: No, if Your Honor please, I don't want to transgress that. May I suggest to Your Honor there is only one portion of this that I think Your Honor didn't touch on. Even if this is a contract terminable at will, suppose we concede that it were, he would not be entitled to summary judgment at this time, if I allege that there is another contract, if I allege there was a contract for permanent employment, even



if it was oral, it wouldn't make any difference. Now in this there is an issue stated in this case in this fashion: I allege a contract for permanent employment; the defendant defends on the ground that these particular contracts here are not in the contract of employment. In other words, we have an issue, if Your Honor please. The defendant says that the written contract is not the contract of employment. Your Honor says that the written contract of employment is not for permanent employment. We say we do have a contract for permanent employment. So we are not at issue except as to one thing, as to whether there exists, composed of the written contract plus conversations and other things, any evidence that there was a contract for permanent employment.

THE COURT: This written contract is annexed to the complaint, is it not?

MR. JOHNSON: Well, it's referred to in the complaint.

THE COURT: It is also annexed to the complaint.

MR. JOHNSON: Yes, sir, two contracts are. If Your Honor please, here is what the problem is: we are not depending on the contract itself. The written contract itself is not the cause of action we are concerned with. We are concerned --

THE COURT: You have told me that before. I understand all that. I am not going to consume any time hearing the same argument over again. I heard it at great length the first time.

MR. JOHNSON: I agree with Your Honor.

THE COURT: The gentleman who preceded you in the case argued the matter very ably.

I am going to grant the defendant's motion. I have already construed the contract, which I deem to be unambiguous, as being terminable



at the will of either party. This written contract -- when the Court is announcing its ruling counsel must retain their seats, gentlemen, and not walk around or stand up.

The Court has already held that this contract is terminable at will. This contract is the contract that is annexed to the complaint. Now if the allegations of the complaint are inconsistent with the text of the contract, of course the text of the contract prevails. If what seems to be claimed on the oral argument at this time that there was an oral contract for permanent employment, such a contract would be unenforcable under the statute of frauds. So that under any aspect of the case the plaintiff has no enforcable contract for permanent employment. (A9-12.)



No. 18,454

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# United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

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NORVIN G. MALONEY, JR., *Appellant*,

*v.*

E. I. DU PONT DE NEMOURS & Co., INC., *Appellee*.

---

**PETITION FOR REHEARING OR IN THE ALTERNATIVE  
FOR REHEARING EN BANC**

~~United States Court of Appeals~~  
for the District of Columbia Circuit

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**FILED** JUN 25 1965

*Nathan J. Paulson*  
CLERK

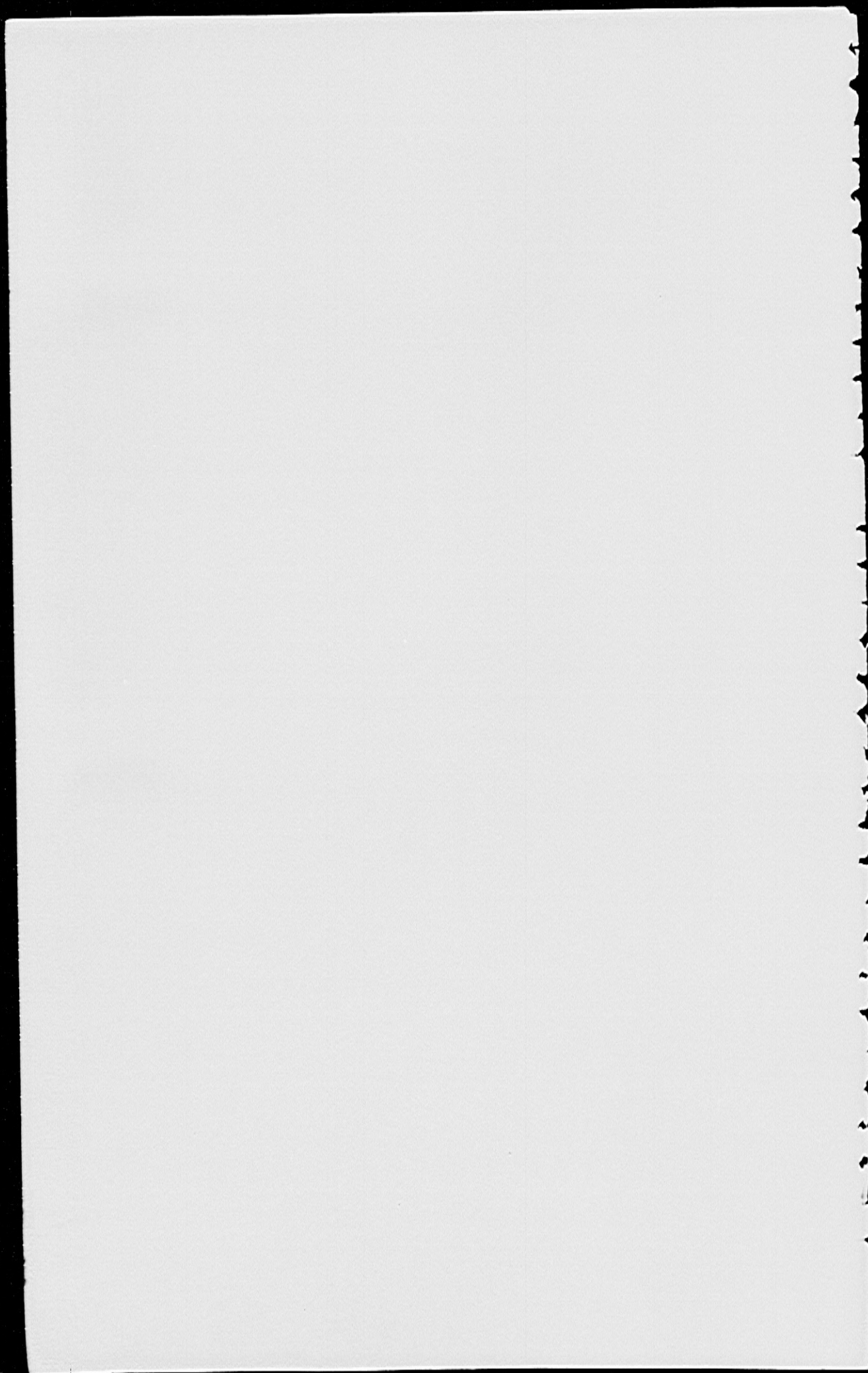
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June 25, 1965







# United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

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No. 18,454

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NORVIN G. MALONEY, JR., *Appellant*,

*v.*

E. I. DU PONT DE NEMOURS & Co., INC., *Appellee*.

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## PETITION FOR REHEARING OR IN THE ALTERNATIVE FOR REHEARING EN BANC

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The appellee, E. I. Du Pont de Nemours & Company, Inc., hereby moves for a rehearing of the above-entitled case by the same Division of the Court which decided the case on June 10, 1965 or, in the alternative, moves for a rehearing en banc.<sup>1</sup>

The decision of this Court affirmed summary judgment by the District Court as to the first and second counts of the second amended complaint. However,

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<sup>1</sup> Appellee's petition is limited solely to No. 18,454.



the Court reversed the District Court's entry of summary judgment as to the third count and remanded the case for trial on the issues raised by said third count.

The Court's reversal of summary judgment with respect to the third count of the second amended complaint is based upon the following reasoning:

(1) The agreements entered into by Du Pont and the appellant on November 5, 1945 and January 9, 1952 constituted no agreements at all insofar as the duration of appellant's employment was concerned, but were merely agreements to agree in the future as to the duration of his employment.

(2) Oral representations were allegedly made to appellant that "Du Pont would continue his employment, so long as he satisfactorily performed the work assigned to him if economic conditions permitted. Thus he could not be discharged except for cause, in cases of economic necessity, or at retirement."

With all respect, it is urged that both of the foregoing conclusions are erroneous. Moreover, the finding that, on the basis of this record, the parties could have entered into an employment contract which was permanent in the absolute sense is not only contrary to the prevailing rule regarding such contracts, but is also contrary to the more lenient rule in this jurisdiction as announced by this court in *Littell v. Evening Star Newspaper Co.*, 73 App. D.C. 409, 120 F.2d 36 (1941). The substantial impairment of the test laid down by this Court in *Littell* will, in our opinion, serve to encourage the bringing of unjustifiable litigation by disgruntled terminated employees grounded on alleged oral representations that their employment was "permanent," which representations never occurred.



**1. The Agreements Entered Into Between the Parties Were Not Merely Agreements to Agree Insofar as Tenure of Employment Was Concerned**

This Court ruled that the written agreements entered into between the plaintiff and the defendant were merely agreements to agree. Specifically, the Court found that: "Wages and duration of employment" were to be "mutually agreed upon." (Slip Op., p. 3.) With all respect, it is urged that neither of the written agreements contained any such provision relating to the appellant's duration of employment.<sup>2</sup>

The pertinent paragraph of the 1945 Agreement provided:

"That said Employer shall employ said Employee . . . at a *wage or salary to be mutually agreed upon between the parties* for such length of time as shall be mutually agreeable to said Employer and said Employee." (Emphasis supplied.) (J.A. 33.)

The underscored language makes it plain that the "wage or salary" was to be agreed upon subsequently, *but no such language was used with respect to the tenure of employment.* Moreover, the prefatory provisions of the 1945 agreement show clearly that the parties were conscious of the fact they were entering into a binding agreement as to all provisions, including tenure of employment. Thus, it was stated:

"Now, THEREFORE, said Employer and said Employee, in consideration of the premises and the re-

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<sup>2</sup> Appellee realizes that, since the agreements were entered into in Delaware, Delaware law applies to their interpretation. However, so far as we can determine, there have been no Delaware decisions interpreting language similar to that included in these agreements. Accordingly, reliance was placed upon cases decided in other jurisdictions which did involve such similar language. See pp. 10-14 of appellee's brief in No. 18,454.



spective mutual promises and agreements herein-after set forth, promise and agree with the other, as follows:". (J.A. 33.)

And what the parties were agreeing to, among other things, was that the employment should last as long as both desired the relationship to continue.

Moreover, the pertinent paragraph in the 1952 agreement did not include the language upon which the Court relied in finding there merely was an agreement to agree later with respect to "duration of employment."

The provision involved in the Delaware case relied upon by the Court was totally different from the pertinent provisions of the 1945 and 1952 agreements herein. Moreover, that purported agreement, unlike the situation here, was never consummated. It contained the following provision:

" 'Seller . . . further agrees to cooperate with the Purchaser . . . in the take over of the business operation and handling of the accounts involved, even to the extent of entering the employ of the Purchaser *on terms to be mutually agreed on.*' " (Emphasis supplied.)<sup>3</sup>

The underscored language, it is noted, is similar to that contained in the 1945 agreement involved herein in connection with "wage or salary," but there was no such language in either the 1945 agreement or the

<sup>3</sup> *Hammond & Taylor, Inc. v. Duffy Tingle Co.*, 39 Del. Ch. 174, 161 A.2d 238, 239 (1960). In the absence of a Delaware case involving interpretation of contractual language similar to that involved herein, it can be presumed that Delaware would follow the line of cases discussed in appellee's brief in the instant case at pp. 10-14.



1952 agreement relating to tenure of employment. The Court erred in finding that appellant's "duration of employment" was to be "mutually agreed upon." (Slip Op., p. 3.) That provision in the 1945 agreement as to future action related *only* to wages and salaries and was omitted altogether from the agreement executed by the parties in 1952.

**2. The Record Shows That the Alleged Oral Representations of Appellee Do Not Support Appellant's Claim as to Tenure of Employment**

The Court stated as follows regarding appellant's claim that oral representations were made to him by Du Pont:

"As we read appellant's complaint and affidavit upon appellee's motion for summary judgment, however, a substantial question of fact is presented whether a supplementary oral agreement was made. He claims that oral representations were made to him that Du Pont would continue his employment, so long as he satisfactorily performed the work assigned to him, if economic conditions permitted. Thus, he could not be discharged except for cause, in cases of economic necessity, or at retirement." (Slip Op., pp. 4-5.)

Appellee respectfully urges that the Court's conclusions regarding the alleged oral representations of Du Pont should be based not on his complaint or affidavit, but upon his *testimony* on deposition during which he was repeatedly asked to state the nature of the oral representations alleged in paragraph 7 of his second amended complaint.<sup>4</sup> That testimony is set

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<sup>4</sup> The only allegations in the second amended complaint as to oral representations of Du Pont are found in paragraph 7 thereof. (J.A. 17-18.)



out in the Appendix attached to appellee's brief herein. (A-1 to A-6.)

In answering these questions, appellant deliberately refused to characterize his employment as being "permanent." The most he would state was that he was assured of "continuity of employment." (A-5.)<sup>5</sup> At another point in his testimony, appellant was asked whether any representative of Du Pont had ever told him he would have "permanent" employment, to which he replied that Du Pont did "not use the word 'permanent' employment. The company would not allow the use of such a word, I am quite sure." (J.A.-2, 60.)<sup>6</sup>

Appellant's testimony can be no different at the trial than it was on deposition. We submit that, in the face of such testimony, the trial court would be required to direct a verdict in favor of Du Pont. For it is clear beyond doubt that employment contracts which provide for no more than "continuity of service" can properly be terminated at the will of either party. No other conclusion can be drawn from the generally recognized rule as shown by the cases and other authorities cited at p. 19 of appellee's brief in No. 18,874 as well as this Court's opinion in *Littell v. Evening Star Newspaper Co.*, 83 App. D.C. 409, 120 F.2d 36 (1941). There, it was stated:

"If it is their purpose, the parties may enter into a contract for permanent employment—not terminable except pursuant to its express terms—by stating clearly their intention to do so, even though no other consideration than services to be

<sup>5</sup> In addition, in his affidavit in opposition to appellee's motion for summary judgment, appellant used the phrase "continuity of employment" or "continuity of service" three times in characterizing the duration of his employment. (J.A. 131, 132, 133.)

<sup>6</sup> The symbol "J.A.-2" refers to the Joint Appendix in No. 18,874.



performed is expected by the employer or promised by the employee. The meaning of the cases previously referred to is that where no such intent is clearly expressed and, absent evidence which shows other consideration than a promise to render services, the assumption will be that—even though they speak in terms of ‘permanent’ employment—the parties have in mind merely the ordinary business contract for a *continuing employment*, terminable at the will of either party.” (73 App. D.C. at 410.) (Emphasis supplied.)

Under the ruling of the *Littell* case, even if appellant and Du Pont had used the word “permanent” in their negotiations (which appellant himself emphatically says they did not), the conclusion would be that the parties had “in mind merely the ordinary business contract for a *continuing employment*, terminable at the will of either party.” The most appellant testified he was promised was “continuing employment.” Again, it can be expected that appellant will testify at the trial that he was promised no more than “continuing employment.” As noted before, this is the very type of employment which this Court and numerous other courts have ruled as terminable at the will of either party.<sup>7</sup>

This Court also ruled in the *Littell* case that a contract for permanent employment in the absolute sense

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<sup>7</sup> The use of the word “permanent” in the context of employment contracts is confusing. The word is generally used to describe employment which is distinguished from “temporary” employment, such as, for example, employment known in advance to be for a day or for a week. In other words, the word “permanent,” as noted by this Court in *Littell*, means employment which is to *continue* indefinitely but which may be terminated at will by either party, and not employment which is permanent in the absolute sense.



will be found only if the parties state "clearly" their intentions to enter into such a contract. This is certainly the general rule. No such intentions are found in this record.

After reaching its conclusion regarding appellant's claims, the Court then indicated that Delaware courts were solicitous of employees who have entered into restrictive employment contracts, and would "enforce such an agreement," citing two Delaware decisions, *Original Vincent & Joseph, Inc. v. Schiavone*, 36 Del. Ch. 548, 134 A.2d 843 (1957); *Livingston v. Macher*, 30 Del. Ch. 94, 54 A.2d 169 (1947). The Court also referred to *E. I. Du Pont de Nemours & Co. v. American Potash & Chemical Corp.*, 200 A.2d 428 (Del. Ch. 1964).

In the first of those cases, the court refused to enter the "broad type of *preliminary* injunction" prayed for by the plaintiff but did preliminarily enjoin certain of the defendants (former employees of plaintiff) "from using or taking any advantage of any information or data in their possession as to names and addresses of present and former customers of plaintiff's Wilmington shop." (134 A.2d at 846.)

In the *Livingston* case, the court refused to enforce a restrictive employment covenant entered into by the operator and an employee of a retail credit clothing and jewelry business. Applying *New York law*, rather than Delaware law, the Court ruled that there was nothing "so peculiar or extraordinary in the character of the defendant's services as to require injunctive relief," and that the defendant "did not obtain any personal hold over the customers of the store which he could use to the substantial disadvantage of the complainant." (54 A.2d at 172.)



We respectfully submit that those two cases do not indicate a feeling of such solicitousness on the part of Delaware courts as would cause any court of that state, contrary to the general rule, to find, based upon this record, the existence of an employment relationship between appellant and Du Pont which was "permanent" in the absolute sense. In one case, the Delaware court did enter a preliminary injunction against several former employees. In the second case, New York law was applied to a set of facts which simply did not sustain the plaintiff's claims.

Nor does the decision in the *American Potash* case, *supra*, indicate that Delaware courts have any such solicitousness concerning former employees in cases involving the interpretation of provisions of employment contracts. In fact, the Court denied a motion for summary judgment filed by the former employee and his new employer. And, during the course of its opinion, the Delaware court noted:

"The parties agree that the law is well settled that where an employee has agreed either expressly or by implication as one of the terms of his contract of employment that he will not divulge or disclose to his employer's detriment any trade secrets or other confidential information which he has acquired in the course of his employment, the employer is entitled to an injunction against a threatened use or disclosure of such confidential information by its former employee for his own benefit or for the benefit of a third person." (200 A.2d at 431.)

We respectfully suggest once more that there is no justifiable basis for concluding that Delaware courts would, on the basis of the record, find that plaintiff's employment by Du Pont was "permanent" in the abso-



lute sense. To do so would be contrary to the general rule regarding such contracts, as well as to the more liberal rule of the *Littell* case.

And we respectfully, once again, refer the Court to the Second Circuit's comments in *Lee v. Jenkins Brothers*, 268 F.2d 257 (2nd Cir. 1959), that so-called permanent employment contracts "have met with substantial hostility in the courts" because such contracts "are often oral, uncorroborated, vague in important details and highly improbable." (268 F.2d at 368.)

### 3. Conclusion

For the foregoing reasons, it is respectfully requested that this petition for rehearing be granted, and, if granted, that oral argument be heard with respect thereto.

Respectfully submitted,

JAMES C. MCKAY

EDWARD J. GRENIER, JR.

701 Union Trust Building  
Washington, D. C. 20005

*Attorneys for Appellee*  
*E. I. du Pont de Nemours*  
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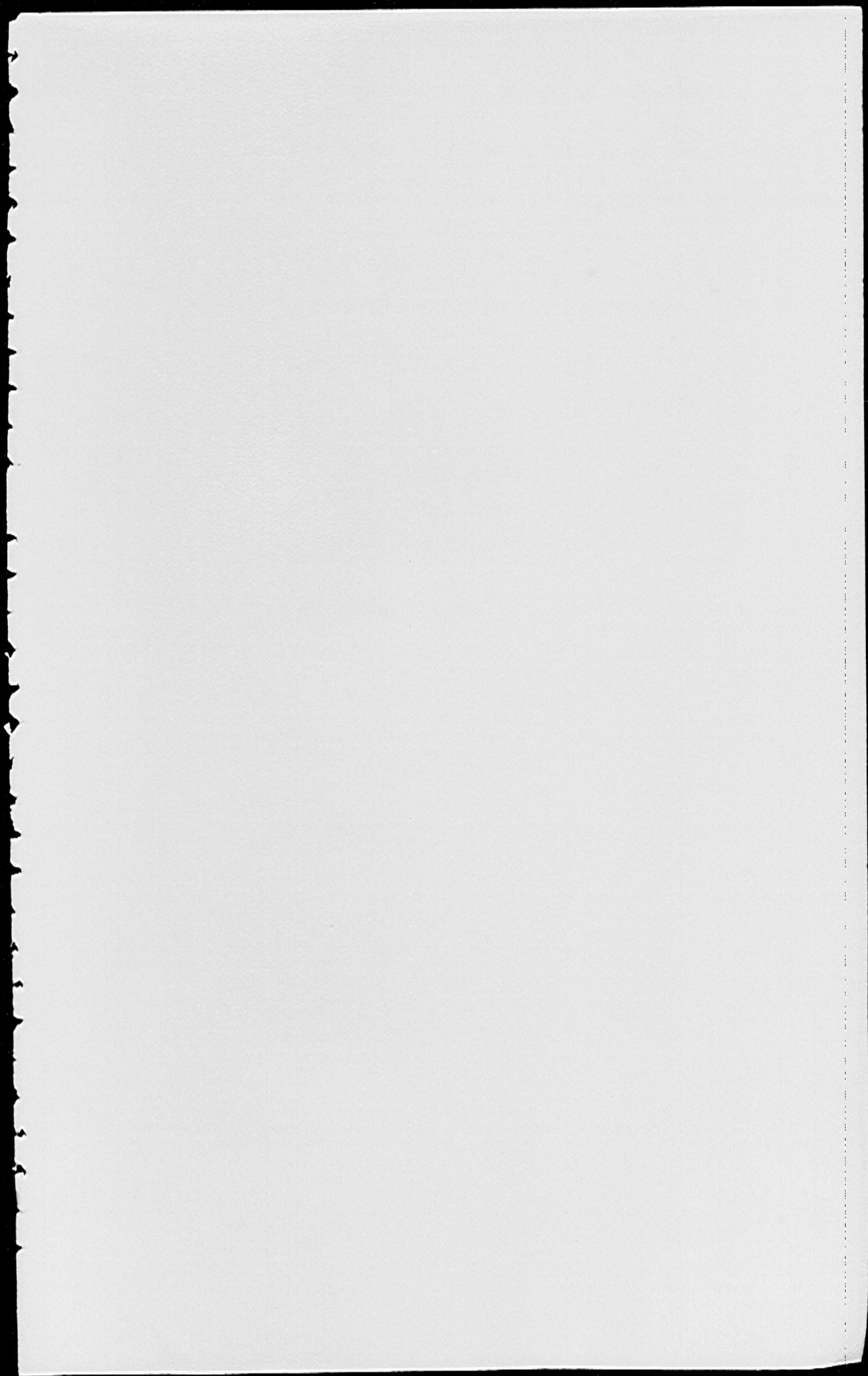
COVINGTON & BURLING  
*Of Counsel*

### Certificate

Counsel for appellee hereby certifies that the foregoing petition is presented in good faith and not for delay.

JAMES C. MCKAY







UNITED STATES COURT OF APPEALS  
FOR THE DISTRICT OF COLUMBIA CIRCUIT

\_\_\_\_\_  
No. 18,454  
\_\_\_\_\_

United States Court of Appeals  
for the District of Columbia Circuit

FILED JUL 2 1965

NORVIN G. MALONEY, JR., Appellant

*Nathan J. Paulson*  
CLERK

v.

E. I. DU PONT de NEMOURS & CO., INC., Appellee

\_\_\_\_\_  
ANSWER TO APPELLANT'S MOTION FOR REHEARING

Appellant has moved for a rehearing in No. 18,454 and asks that "the first and second counts of his Second Amended Complaint be reinstated," and that he be permitted to add a count for a judgment declaring him to be free "from any future restraints and disabilities on account thereof."

In the first count, appellant sought an order adjudging him to be the sole owner of two patents and also sought a judgment directing appellee to transfer to appellant ownership rights in three inventions developed



by appellant while employed by appellee and the ownership rights to the aforesaid two patents arising from such inventions.

The second count alleged that appellee has been "unjustly enriched" in the amount of \$25,000,000 as a result of the alleged use of the said inventions and patents by appellee, and sought a judgment in that amount.

Appellant's motion is premised on the proposition that this Court ruled there were no binding provisions in the 1945 and 1952 agreements between the parties. As we read the Court's opinion, however, that ruling related only to the provisions in the agreements for wages and duration of employment (Slip Op., p. 3) and not to the provisions relating to the assignment and ownership of inventions and patents. Accordingly, appellee is the owner of any such inventions and patents by virtue of the provisions of said agreements. See United States v. Dubilier Condenser Corp., 289 U.S. 178, 187 (1933); Patent & Licensing Corp. v. Olsen, 188 F.2d 522 (2nd Cir. 1951); Marshall v. Colgate-Palmolive Peet Co., 175 F.2d 215, 216-217; Paley v. Du Pont Rayon Co., 71 F.2d 856 (7th Cir. 1934); and other authorities cited at page 7 of appellee's brief in No. 18,454.



In any event, as found by this Court, it is clear from decisions of the Supreme Court of the United States, as well as other Federal courts, that any inventions developed by appellant while employed by appellee, and any patents arising therefrom, would have become the sole property of appellee even in the absence of any agreement so providing. This is because appellant was hired to invent for appellee, and the development of inventions was the work he was expected to perform and for which he was paid a substantial salary. <sup>\*/</sup> United States v. Dubilier Condenser Corp., 289 U.S. 178 (1933); Standard Parts Co. v. Peck, 264 U.S. 52, 59 (1924); Shook v. United States, 238 F.2d 952, 954 (6th Cir. 1956); Blum v. Commissioner, 183 F.2d 281 (3rd Cir. 1950); Belanger v. Alton Box Board Co., 180 F.2d 87 (7th Cir. 1950); Marshall v. Colgate-Palmolive-Peet Co., 175 F.2d 215 (3rd Cir. 1949); Houghton v. United States, 23 F.2d 386 (4th Cir. 1928), cert. denied, 277 U.S. 592; and Forberg v. Servel, Inc., 88 F. Supp. 503 (S.D.N.Y. 1949).

Appellant seeks to avoid the impact of this settled rule of law by asserting that he was not "hired

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<sup>\*/</sup> See reference to appellant's deposition and allegations in his second amended complaint at pp. 2-3 of appellee's brief.



to invent the inventions herein concerned." (Appellant's Motion, p. 2.) This attempted distinction is without substance. Appellant testified that his "duties in connection with [his] . . . work were to invent or to improve devices . . . ." (J.A. 89-90.) In his second amended complaint, in describing his duties, appellant stated that he "designed, he developed, he created and he invented . . . ." and that "[t]his work for defendant corporation resulted in" the patents of which he now claims ownership. (J.A. 22-23.) (Emphasis supplied.) Moreover, in his Motion for Rehearing, appellant concedes that the alleged inventions "may well have been discoveries of appellant during the course of other research assigned . . . ." (p. 2.) (Emphasis supplied.)

In its opinion involving an appeal from the United States District Court for the District of Delaware, the Third Circuit stated:

" . . . if the employee is hired to invent, or is assigned the duty of devoting his efforts to a particular problem, the resulting invention belongs to the employer." Marshall v. Colgate-Palmolive-Peet Co., 175 F.2d 215, 217 (3rd Cir. 1949). (Emphasis supplied.)

The Third Circuit reiterated this rule in Blum v. Commissioner, supra:

" . . . if the employee is hired to invent or is assigned the duty of



devoting his efforts to a particular problem, the resulting invention belongs to the employer and the inventor is bound to assign to his employer any patent obtained." (183 F.2d at 287.) (Emphasis supplied.)

It is clear from those decisions that, as we have said, the rule as to ownership of patents developed by employees hired to invent is applicable whether the employee was hired to invent a specific device or whether, as was the case of appellant, he was hired generally to invent for his employer. There is not, nor could there be, any rational basis for making the distinction appellant seeks to make.

In view of the foregoing, it must be concluded that the patents and inventions referred to by appellant in the first and second count of the second amended complaint are owned solely by appellee. Accordingly, it is respectfully urged that appellant's motion for rehearing be denied.

Respectfully submitted,

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James C. McKay

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Edward J. Grenier, Jr.  
Attorneys for Appellee



CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Answer to Appellant's Motion for Rehearing was mailed, postage prepaid, to Henry Lincoln Johnson, Jr., Esq., 626 Third Street, N.W., Washington 1, D. C., attorney for appellant, this 2nd day of July, 1965.

Attorney for Appellee